

COUNTY OF WESTMORELAND, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011

COUNTY OF WESTMORELAND, VIRGINIA

BOARD OF SUPERVISORS

W.W. Hynson, Chairman

Darryl E. Fisher, Vice-Chairman

Dorothy Dickerson Tate

Russ Culver

Larry Roberson

SCHOOL BOARD

Daniel Wallace, Chairman

Edith Hutt, Vice-Chairman

G. Bryan Oliff
Rosemary Mahan

Gernard Reed

BOARD OF SOCIAL SERVICES

Joan Powell, Chairman

Linda Crandell, Vice-Chairman

F.C. "Doc" Dugan
Frances Jenkins

Bob Worthy

OTHER OFFICIALS

Judge of the Circuit Court
Judge of the Circuit Court
Clerk of the Circuit Court
Commonwealth's Attorney
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
Commissioner of the Revenue
County Administrator

Harry T. Taliaferro
Joseph J. Ellis
Gwynne Chatham
Dean Atkins
Elizabeth Nash
C.O. Balderson
Dr. Rebecca Lowry
Helen Wilkins
Carol B. Gawn
Norm Risavi

COUNTY OF WESTMORELAND, VIRGINIA

Financial Report
Year Ended June 30, 2011

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

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

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

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

As described in Note 1 to the financial statements, the County of Westmoreland, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2011, on our consideration of the County of Westmoreland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension and OPEB funding progress 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 management's discussion and analysis and schedules of funding progress 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 management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Robinson, Turner, Cox Associates

Fredericksburg, Virginia
December 12, 2011

**COUNTY OF WESTMORELAND, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**To the Citizens of Westmoreland County
County of Westmoreland, Virginia**

As management of the County of Westmoreland, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011.

Financial Highlights

Government-wide Financial Statements

- On a government-wide basis for governmental activities, the assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$11,525,844 (net assets). For business-type activities, assets exceeded liabilities by \$20,110,302.

Fund Financial Statements

- The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures of \$640,482 (Exhibit 5) after making contributions totaling \$9,324,417 to the School Board.
- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of \$10,172,472, an increase of \$640,482 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,070,050 or 18% of total general fund expenditures.
- Combined long-term obligations for the governmental funds increased \$1,431,236 during the current fiscal year.
- The Proprietary Funds, on an accrual basis, reported an increase in net assets of \$567,261 (Exhibit 8).
- As of the close of the current fiscal year, the County's proprietary funds reported ending net assets of \$20,110,302, an increase \$567,261.
- Combined long-term obligations in the proprietary funds increased \$4,470,740 during the current fiscal year.

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 are comprised 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 readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Westmoreland, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Westmoreland, Virginia is financially accountable. Financial information for this component unit is reported separately from the financial information present for the primary government itself.

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 of Westmoreland, Virginia, like other 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 - Governmental Funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation between the two methods is provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County's major funds are the General Fund and the County Capital Improvements Fund.

Proprietary Funds - Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Overview of the Financial Statements: (Continued)

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

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County's governmental activities, assets exceeded liabilities by \$11,525,844 at the close of the most recent fiscal year.

Summary Statement of Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 11,373,745	\$ 10,631,161	\$ 1,942,486	\$ 1,790,955	\$ 13,316,231	\$ 12,422,116
Capital assets	8,119,788	6,913,574	28,955,659	24,190,724	37,075,447	31,104,298
Total assets	\$ 19,493,533	\$ 17,544,735	\$ 30,898,145	\$ 25,981,679	\$ 50,391,678	\$ 43,526,414
Long-term liabilities	\$ 7,309,574	\$ 5,878,338	\$ 10,602,075	\$ 6,131,335	\$ 17,911,649	\$ 12,009,673
Current liabilities	658,115	670,435	185,768	307,303	843,883	977,738
Total liabilities	\$ 7,967,689	\$ 6,548,773	\$ 10,787,843	\$ 6,438,638	\$ 18,755,532	\$ 12,987,411
Net assets:						
Invested in capital assets, net of related debt	\$ 4,358,042	\$ 4,986,356	\$ 18,368,417	\$ 18,079,614	\$ 22,726,459	\$ 23,065,970
Restricted	-	-	538,590	538,620	538,590	538,620
Unrestricted	7,167,802	6,009,606	1,203,295	924,807	8,371,097	6,934,413
Total net assets	\$ 11,525,844	\$ 10,995,962	\$ 20,110,302	\$ 19,543,041	\$ 31,636,146	\$ 30,539,003

At the end of the current fiscal year, the County's investment in capital assets net of related debt used to acquire those assets was \$4,358,042 for governmental activities. The County uses these capital assets to provide services to citizens therefore; 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.

The County's net assets increased by \$1,097,143 during the current fiscal year.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities and business-type activities increased the County's net assets by \$529,882 and \$567,261 respectively. Key elements of this increase are as follows:

County of Westmoreland, Virginia's Net Assets Summary Statement of Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 398,463	\$ 420,211	\$ 920,262	\$ 949,107	\$ 1,318,725	\$ 1,369,318
Operating grants and contributions	4,033,130	4,392,794	148,135	98,061	4,181,265	4,490,855
Capital grants and contributions	3,000	115,384	1,128,915	1,156,400	1,131,915	1,271,784
General revenues:						
General property taxes	14,032,052	13,996,800	-	-	14,032,052	13,996,800
Other local taxes	1,691,688	1,756,532	-	-	1,691,688	1,756,532
Grants and other contributions not restricted	1,927,017	1,938,603	-	-	1,927,017	1,938,603
Use of money and property	379,679	368,621	9,860	28,560	389,539	397,181
Miscellaneous	60,680	2,642,087	1,380	-	62,060	2,642,087
Total revenues	\$ 22,525,709	\$ 25,631,032	\$ 2,208,552	\$ 2,232,128	\$ 24,734,261	\$ 27,863,160
Expenses:						
General government administration	\$ 2,047,166	\$ 2,152,355	\$ -	\$ -	\$ 2,047,166	\$ 2,152,355
Judicial administration	907,476	882,825	-	-	907,476	882,825
Public safety	4,095,860	4,100,518	-	-	4,095,860	4,100,518
Public works	2,392,400	4,181,907	-	-	2,392,400	4,181,907
Health and welfare	3,267,173	3,530,866	-	-	3,267,173	3,530,866
Education	7,866,868	7,172,995	-	-	7,866,868	7,172,995
Parks, recreation, and cultural	666,480	629,017	-	-	666,480	629,017
Community development	557,743	676,913	-	-	557,743	676,913
Interest on long-term debt	194,661	357,319	-	-	194,661	357,319
Water and Sewer	-	-	1,641,291	1,545,593	1,641,291	1,545,593
Total expenses	\$ 21,995,827	\$ 23,684,715	\$ 1,641,291	\$ 1,545,593	\$ 23,637,118	\$ 25,230,308
Increase (decrease) in net assets before transfers	\$ 529,882	\$ 1,946,317	\$ 567,261	\$ 686,535	\$ 1,097,143	\$ 2,632,852
Transfers	-	6,088	-	(6,088)	-	-
Increase in net assets	\$ 529,882	\$ 1,952,405	\$ 567,261	\$ 680,447	\$ 1,097,143	\$ 2,632,852
Net assets, July 1, as restated	10,995,962	9,043,557	19,543,041	18,862,594	30,539,003	27,906,151
Net assets, June 30	\$ 11,525,844	\$ 10,995,962	\$ 20,110,302	\$ 19,543,041	\$ 31,636,146	\$ 30,539,003

Government-wide Financial Analysis: (Continued)

- The increase of \$529,882 in the governmental activities net assets was moderate, one factor which led to the increase was the early retirement of long term obligations related to the County's joint activity (Northern Neck Regional Jail) in the prior year which led to a decrease in interest expenses on long-term debt in fiscal year 2011.
- Net assets for business-type activities showed an increase of \$567,261 during fiscal year 2011. This increase is comparable with the \$680,447 increase in fiscal year 2010 and is due to increase in operating efficiencies.

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

Financial Analysis of the County's Funds

As noted earlier, the County used 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 available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County'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 fund balances of \$10,172,472 an increase of \$640,482 in comparison with the prior year. Approximately 40% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted, committed and assigned to indicate that it is not available for new spending because it has already been constrained.

Proprietary Funds - The focus of the County's proprietary funds is upon determination of net income, financial position, and changes in financial position. Funds are accounted for in a manner similar to private business enterprises. The County's proprietary funds consist of the Water, Coles Point Wastewater, Montross Sewer Fund, and Washington District S/W Funds. The proprietary funds reflected a combined increase in net assets of \$567,261.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$1,713,769 in expenditures and can be briefly summarized as follows:

- \$110,740 in increases for general government administration
- \$ 45,434 in increases for judicial administration
- \$459,205 in increases for public safety
- \$163,608 in increases for public works
- \$135,749 in increases for health and welfare
- \$ 50,362 in increases for education
- \$131,037 in increases for capital projects
- \$617,634 in other increases

Of this increase, \$63,338 was to be funded from intergovernmental revenues. The remaining \$1,650,431 was to be budgeted from available fund balance and other revenue increases. During the year, however, expenditures were less than budgetary estimates by \$2,583,798, thus eliminating the need to draw upon \$1,170,679 of the existing fund balance which was budgeted.

Capital Asset and Debt Administration

- **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2011 amounts to \$8,119,788 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Investment in capital assets for the County's proprietary operations amounts to \$28,955,659 as of June 30, 2011. This investment includes land, water systems, sewer systems, intangibles, and equipment.

Additional information on the County's capital assets can be found in note 8 of this report.

Long-term debt - At the end of the current fiscal year, the County had total long-term debt outstanding of \$7,309,574 for its governmental operations. Of this amount \$5,540,177 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations \$1,769,397 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). Business-type debt is comprised of \$10,379,375 bonds secured solely by water and sewer revenues, \$207,867 treatment plant upgrade agreement and compensated absences of \$14,833.

The County's total debt outstanding increased by \$5,901,976 during the current fiscal year.

Additional information on the County of Westmoreland, Virginia's long-term debt can be found in Note 11 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 7.4 percent, which is the same as a year ago. This is slightly higher than the state's average unemployment rate of 6.4 percent and compares favorably to the national average rate of 8.6 percent.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

The fiscal year 2012 general fund budget amounted to \$24,524,916.

Requests for Information

This financial report is designed to provide a general overview of the County of Westmoreland, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1000, Montross, Virginia 22520.

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2011

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		School Board
ASSETS				
Cash and cash equivalents	\$ 7,483,741	\$ 721,551	\$ 8,205,292	\$ 292,015
Cash in custody of others	-	-	-	121,154
Investments	2,421,387	512,282	2,933,669	2,501,183
Receivables (net of allowance for uncollectibles):				
Taxes receivable	670,668	-	670,668	-
Accounts receivable	118,435	64,497	182,932	88,899
Due from other governmental units	679,514	105,566	785,080	627,655
Restricted assets:				
Temporarily restricted:				
Cash and investments	-	538,590	538,590	-
Capital assets (net of accumulated depreciation):				
Land	378,301	427,377	805,678	258,916
Buildings and system	7,077,816	19,833,953	26,911,769	7,119,442
Machinery and equipment	602,700	53,154	655,854	791,575
Intangible assets	-	1,167,950	1,167,950	-
Construction in progress	60,971	7,473,225	7,534,196	-
Total assets	\$ 19,493,533	\$ 30,898,145	\$ 50,391,678	\$ 11,800,839
LIABILITIES				
Accounts payable	\$ 552,672	\$ 166,292	\$ 718,964	\$ 159,071
Accrued liabilities	-	-	-	1,569,534
Customers' deposits	-	13,764	13,764	-
Accrued interest payable	63,418	5,712	69,130	41,528
Due to other governmental units	42,025	-	42,025	71,085
Long-term liabilities:				
Due within one year	617,107	121,871	738,978	236,097
Due in more than one year	6,692,467	10,480,204	17,172,671	2,939,375
Total liabilities	\$ 7,967,689	\$ 10,787,843	\$ 18,755,532	\$ 5,016,690
NET ASSETS				
Invested in capital assets, net of related debt	\$ 4,358,042	\$ 18,368,417	\$ 22,726,459	\$ 6,201,760
Restricted for:				
Debt service and bond covenants	-	538,590	538,590	-
Unrestricted (deficit)	7,167,802	1,203,295	8,371,097	582,389
Total net assets	\$ 11,525,844	\$ 20,110,302	\$ 31,636,146	\$ 6,784,149

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

COUNTY OF WESTMORELAND, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,047,166	\$ -	\$ 217,101	\$ -
Judicial administration	907,476	107,480	447,744	-
Public safety	4,095,860	52,664	1,227,617	-
Public works	2,392,400	238,238	7,895	-
Health and welfare	3,267,173	-	2,131,319	-
Education	7,866,868	-	-	-
Parks, recreation, and cultural	666,480	81	1,454	-
Community development	557,743	-	-	3,000
Interest on long-term debt	194,661	-	-	-
Total governmental activities	\$ 21,995,827	\$ 398,463	\$ 4,033,130	\$ 3,000
Business-type activities:				
Water	\$ 62,070	\$ 32,254	\$ -	\$ -
Sewer	1,579,221	888,008	148,135	1,128,915
Total business-type activities	\$ 1,641,291	\$ 920,262	\$ 148,135	\$ 1,128,915
Total primary government	\$ 23,637,118	\$ 1,318,725	\$ 4,181,265	\$ 1,131,915
COMPONENT UNIT:				
School Board	\$ 18,142,811	\$ 268,176	\$ 9,958,974	\$ -

General revenues:

General property taxes

Local sales and use taxes

Consumers' utility taxes

Motor vehicle licenses

Taxes on recordation and wills

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Payment from local government

Grants and contributions not restricted to specific programs

Total general revenues

Change in net assets

Net assets - beginning, as restated

Net assets - 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 Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (1,830,065)		\$ (1,830,065)	
(352,252)		(352,252)	
(2,815,579)		(2,815,579)	
(2,146,267)		(2,146,267)	
(1,135,854)		(1,135,854)	
(7,866,868)		(7,866,868)	
(664,945)		(664,945)	
(554,743)		(554,743)	
(194,661)		(194,661)	
<u>\$ (17,561,234)</u>		<u>\$ (17,561,234)</u>	
	\$ (29,816)	\$ (29,816)	
	<u>585,837</u>	<u>585,837</u>	
	\$ <u>556,021</u>	\$ <u>556,021</u>	
	\$ <u>556,021</u>	\$ <u>(17,005,213)</u>	
			\$ <u>(7,915,661)</u>
\$ 14,032,052	\$ -	\$ 14,032,052	\$ -
668,082	-	668,082	-
322,402	-	322,402	-
505,049	-	505,049	-
134,740	-	134,740	-
61,415	-	61,415	-
379,679	9,860	389,539	38,818
60,680	1,380	62,060	235,421
-	-	-	7,810,434
1,927,017	-	1,927,017	-
<u>\$ 18,091,116</u>	<u>\$ 11,240</u>	<u>\$ 18,102,356</u>	<u>\$ 8,084,673</u>
529,882	567,261	1,097,143	169,012
10,995,962	19,543,041	30,539,003	6,615,137
<u>\$ 11,525,844</u>	<u>\$ 20,110,302</u>	<u>\$ 31,636,146</u>	<u>\$ 6,784,149</u>

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2011

	General	General Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 7,395,422	\$ 7,163	\$ 81,156	\$ 7,483,741
Investments	1,715,541	563,292	142,554	2,421,387
Receivables (net of allowance for uncollectibles):				
Taxes receivable	670,668	-	-	670,668
Accounts receivable	105,063	-	13,372	118,435
Due from other governmental units	679,514	-	-	679,514
Total assets	<u>\$ 10,566,208</u>	<u>\$ 570,455</u>	<u>\$ 237,082</u>	<u>\$ 11,373,745</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 552,296	\$ 376	\$ -	\$ 552,672
Due to other governmental units	42,025	-	-	42,025
Deferred revenue	606,576	-	-	606,576
Total liabilities	<u>\$ 1,200,897</u>	<u>\$ 376</u>	<u>\$ -</u>	<u>\$ 1,201,273</u>
Fund balances:				
Restricted	\$ 1,442,036	\$ -	\$ -	\$ 1,442,036
Committed	1,996,113	-	237,082	2,233,195
Assigned	1,857,112	570,079	-	2,427,191
Unassigned	4,070,050	-	-	4,070,050
Total fund balances	<u>\$ 9,365,311</u>	<u>\$ 570,079</u>	<u>\$ 237,082</u>	<u>\$ 10,172,472</u>
Total liabilities and fund balances	<u>\$ 10,566,208</u>	<u>\$ 570,455</u>	<u>\$ 237,082</u>	<u>\$ 11,373,745</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 Assets
 June 30, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 10,172,472
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 378,301	
Construction in progress	60,971	
Buildings and improvements, net of depreciation	7,077,816	
Machinery and equipment, net of depreciation	<u>602,700</u>	8,119,788

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	606,576
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest on debt	\$ (63,418)	
Bonds and notes payable	(5,531,143)	
Compensated absences	(455,151)	
Landfill accrued closure/post-closure costs	<u>(1,323,280)</u>	<u>(7,372,992)</u>

Net assets of governmental activities	\$ <u><u>11,525,844</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, 2011

	General	General Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 14,005,502	\$ -	\$ -	\$ 14,005,502
Other local taxes	1,691,688	-	-	1,691,688
Permits, privilege fees, and regulatory licenses	232,944	-	-	232,944
Fines and forfeitures	97,568	-	-	97,568
Revenue from the use of money and property	206,569	7,591	165,519	379,679
Charges for services	61,916	-	6,035	67,951
Miscellaneous	60,680	-	-	60,680
Recovered costs	656,046	-	-	656,046
Intergovernmental revenues:				
Commonwealth	4,818,938	-	-	4,818,938
Federal	1,144,209	-	-	1,144,209
Total revenues	\$ 22,976,060	\$ 7,591	\$ 171,554	\$ 23,155,205
EXPENDITURES				
Current:				
General government administration	\$ 1,987,329	\$ -	\$ -	\$ 1,987,329
Judicial administration	895,219	-	-	895,219
Public safety	4,602,138	-	-	4,602,138
Public works	2,459,360	-	-	2,459,360
Health and welfare	3,124,656	-	-	3,124,656
Education	7,358,307	1,975,000	-	9,333,307
Parks, recreation, and cultural	506,999	-	-	506,999
Community development	532,286	-	-	532,286
Nondepartmental	159,931	-	-	159,931
Capital projects	52,619	7,809	-	60,428
Debt service:				
Principal retirement	364,000	55,665	138,290	557,955
Interest and other fiscal charges	192,709	21,963	55,443	270,115
Total expenditures	\$ 22,235,553	\$ 2,060,437	\$ 193,733	\$ 24,489,723
Excess (deficiency) of revenues over (under) expenditures	\$ 740,507	\$ (2,052,846)	\$ (22,179)	\$ (1,334,518)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 77,628	\$ -	\$ 77,628
Transfers out	(77,628)	-	-	(77,628)
Issuance of bonds	-	1,975,000	-	1,975,000
Total other financing sources (uses)	\$ (77,628)	\$ 2,052,628	\$ -	\$ 1,975,000
Net change in fund balances	\$ 662,879	\$ (218)	\$ (22,179)	\$ 640,482
Fund balances - beginning	8,702,432	570,297	259,261	9,531,990
Fund balances - ending	\$ 9,365,311	\$ 570,079	\$ 237,082	\$ 10,172,472

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, 2011

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

Net change in fund balances - total governmental funds	\$	640,482
--	----	---------

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	\$	1,926,725	
Capital asset disposals		(57,811)	
Depreciation expense		(554,380)	
Depreciation adjustment for disposals		<u>57,811</u>	1,372,345

Transfer of joint tenancy assets from Primary Government to the Component Unit		(166,131)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	26,550
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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 assets. 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.

Increase in landfill accrued closure/post-closure liability	\$	(3,833)	
Issuance of debt		(1,975,000)	
Lease revenue bonds		181,537	
General obligation bonds		115,000	
State literary fund loans		<u>249,000</u>	(1,433,296)

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.

Compensated absences	\$	2,060	
Accrued interest on debt		<u>87,872</u>	<u>89,932</u>
Change in net assets of governmental activities		\$	<u><u>529,882</u></u>

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

Statement of Net Assets
 Proprietary Funds
 June 30, 2011

	Enterprise Funds				
	Water Fund	Coles Point Wastewater Fund	Washington District S/W Fund	Montross Sewer Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 67,483	\$ 14,068	\$ 413,996	\$ 226,004	\$ 721,551
Investments	3,484	322,736	185,840	222	512,282
Accounts receivable, net of allowance for uncollectibles	4,672	16,995	27,305	15,525	64,497
Due from other governmental units	-	-	105,566	-	105,566
Total current assets	<u>\$ 75,639</u>	<u>\$ 353,799</u>	<u>\$ 732,707</u>	<u>\$ 241,751</u>	<u>\$ 1,403,896</u>
Noncurrent assets:					
Restricted assets:					
Cash and investments	\$ 16,800	\$ 125,352	\$ 342,438	\$ 54,000	\$ 538,590
Total restricted assets	<u>\$ 16,800</u>	<u>\$ 125,352</u>	<u>\$ 342,438</u>	<u>\$ 54,000</u>	<u>\$ 538,590</u>
Capital assets:					
Land	\$ -	\$ 340,840	\$ 40,180	\$ 46,357	\$ 427,377
Buildings and system	1,183,857	8,380,257	8,581,538	5,360,621	23,506,273
Machinery and equipment	-	105,123	-	3,395	108,518
Intangible assets	-	-	1,209,113	-	1,209,113
Less: accumulated depreciation	(515,756)	(2,069,745)	(685,527)	(497,819)	(3,768,847)
Construction in progress	-	-	7,473,225	-	7,473,225
Total capital assets	<u>\$ 668,101</u>	<u>\$ 6,756,475</u>	<u>\$ 16,618,529</u>	<u>\$ 4,912,554</u>	<u>\$ 28,955,659</u>
Total noncurrent assets	<u>\$ 684,901</u>	<u>\$ 6,881,827</u>	<u>\$ 16,960,967</u>	<u>\$ 4,966,554</u>	<u>\$ 29,494,249</u>
Total assets	<u>\$ 760,540</u>	<u>\$ 7,235,626</u>	<u>\$ 17,693,674</u>	<u>\$ 5,208,305</u>	<u>\$ 30,898,145</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 33	\$ 7,846	\$ 152,083	\$ 6,330	\$ 166,292
Customers' deposits	-	13,764	-	-	13,764
Accrued interest payable	623	2,797	1,078	1,214	5,712
Compensated absences - current portion	-	1,161	-	322	1,483
Treatment plant agreement - current portion	-	-	11,232	-	11,232
Bonds payable - current portion	4,416	37,764	56,463	10,513	109,156
Total current liabilities	<u>\$ 5,072</u>	<u>\$ 63,332</u>	<u>\$ 220,856</u>	<u>\$ 18,379</u>	<u>\$ 307,639</u>
Noncurrent liabilities:					
Bonds payable - net of current portion	\$ 272,786	\$ 2,238,379	\$ 6,798,418	\$ 960,636	\$ 10,270,219
Treatment plant agreement - noncurrent portion	-	-	196,635	-	196,635
Compensated absences - net of current portion	-	10,450	-	2,900	13,350
Total noncurrent liabilities	<u>\$ 272,786</u>	<u>\$ 2,248,829</u>	<u>\$ 6,995,053</u>	<u>\$ 963,536</u>	<u>\$ 10,480,204</u>
Total liabilities	<u>\$ 277,858</u>	<u>\$ 2,312,161</u>	<u>\$ 7,215,909</u>	<u>\$ 981,915</u>	<u>\$ 10,787,843</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 390,899	\$ 4,480,332	\$ 9,555,781	\$ 3,941,405	\$ 18,368,417
Restricted for debt service and bond covenants	16,800	125,352	342,438	54,000	538,590
Unrestricted	74,983	317,781	579,546	230,985	1,203,295
Total net assets	<u>\$ 482,682</u>	<u>\$ 4,923,465</u>	<u>\$ 10,477,765</u>	<u>\$ 4,226,390</u>	<u>\$ 20,110,302</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2011

	Enterprise Funds				
	Water Fund	Coles Point Wastewater Fund	Washington District S/W Fund	Montross Sewer Fund	Total
OPERATING REVENUES					
Charges for services:					
Water revenues	\$ 32,088	\$ -	\$ -	\$ -	\$ 32,088
Sewer revenues	-	281,798	327,313	253,330	862,441
Tap fees	-	-	-	3,500	3,500
Other revenues	166	15,101	4,568	2,398	22,233
Total operating revenues	\$ 32,254	\$ 296,899	\$ 331,881	\$ 259,228	\$ 920,262
OPERATING EXPENSES					
Water	\$ 2,048	\$ -	\$ -	\$ -	\$ 2,048
Sewer	-	221,291	53,151	155,962	430,404
Other expenses	100	16,250	47,946	8,573	72,869
Depreciation	47,354	351,328	228,509	171,043	798,234
Total operating expenses	\$ 49,502	\$ 588,869	\$ 329,606	\$ 335,578	\$ 1,303,555
Operating income (loss)	\$ (17,248)	\$ (291,970)	\$ 2,275	\$ (76,350)	\$ (383,293)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	\$ 186	\$ 6,757	\$ 2,642	\$ 275	\$ 9,860
Availability/connection fees	-	9,600	138,535	-	148,135
Interest expense	(12,568)	(88,945)	(135,804)	(43,935)	(281,252)
Other nonoperating item	-	1,380	(56,484)	-	(55,104)
Total nonoperating revenues (expenses)	\$ (12,382)	\$ (71,208)	\$ (51,111)	\$ (43,660)	\$ (178,361)
Income before contributions and transfers	\$ (29,630)	\$ (363,178)	\$ (48,836)	\$ (120,010)	\$ (561,654)
Capital contributions and construction grants	\$ -	\$ -	\$ 1,128,915	\$ -	\$ 1,128,915
Transfers:					
Transfers in	\$ -	\$ 21,736	\$ -	\$ -	\$ 21,736
Transfers out	-	-	(21,736)	-	(21,736)
Total transfers	\$ -	\$ 21,736	\$ (21,736)	\$ -	\$ -
Change in net assets	\$ (29,630)	\$ (341,442)	\$ 1,058,343	\$ (120,010)	\$ 567,261
Total net assets - beginning	512,312	5,264,907	9,419,422	4,346,400	19,543,041
Total net assets - ending	\$ 482,682	\$ 4,923,465	\$ 10,477,765	\$ 4,226,390	\$ 20,110,302

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

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2011

	Enterprise Funds				Total
	Water Fund	Coles Point Wastewater Fund	Washington District S/W Fund	Montross Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 31,960	\$ 301,685	\$ 327,874	\$ 267,165	\$ 928,684
Payments to suppliers	(2,115)	(258,447)	(61,080)	(144,194)	(465,836)
Payments to and for employees	-	(115,707)	-	(52,564)	(168,271)
Net cash provided (used) by operating activities	<u>\$ 29,845</u>	<u>\$ (72,469)</u>	<u>\$ 266,794</u>	<u>\$ 70,407</u>	<u>\$ 294,577</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	\$ -	\$ -	\$ (21,736)	\$ -	\$ (21,736)
Transfers from other funds	-	21,736	-	-	21,736
Net cash provided (used) by noncapital financing activities	<u>\$ -</u>	<u>\$ 21,736</u>	<u>\$ (21,736)</u>	<u>\$ -</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Additions to utility plant	\$ -	\$ (5,500)	\$ (5,557,669)	\$ -	\$ (5,563,169)
Principal payments on bonds	(4,222)	(36,363)	(30,765)	(10,052)	(81,402)
Contributions in aid of construction	-	133,382	1,023,349	56,163	1,212,894
Proceeds from indebtedness	-	-	4,557,535	-	4,557,535
Interest payments	(12,579)	(88,989)	(135,817)	(43,948)	(281,333)
Availability/connection fees	-	9,600	138,535	-	148,135
Other	-	1,380	(56,484)	-	(55,104)
Net cash provided (used) by capital and related financing activities	<u>\$ (16,801)</u>	<u>\$ 13,510</u>	<u>\$ (61,316)</u>	<u>\$ 2,163</u>	<u>\$ (62,444)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (purchase) of investments	\$ (48)	\$ 30,534	\$ (185,810)	\$ (9)	\$ (155,333)
Interest and dividends received	186	6,757	2,642	275	9,860
Net cash provided (used) by investing activities	<u>\$ 138</u>	<u>\$ 37,291</u>	<u>\$ (183,168)</u>	<u>\$ 266</u>	<u>\$ (145,473)</u>
Net increase (decrease) in cash and cash equivalents	\$ 13,182	\$ 68	\$ 574	\$ 72,836	\$ 86,660
Cash and cash equivalents - beginning	54,301	14,000	413,422	153,168	634,891
Cash and cash equivalents - ending	<u>\$ 67,483</u>	<u>\$ 14,068</u>	<u>\$ 413,996</u>	<u>\$ 226,004</u>	<u>\$ 721,551</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (17,248)	\$ (291,970)	\$ 2,275	\$ (76,350)	\$ (383,293)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	\$ 47,354	\$ 351,328	\$ 228,509	\$ 171,043	\$ 798,234
(Increase) decrease in accounts receivable	(294)	2,847	(4,007)	7,937	6,483
Increase (decrease) in customer deposits	-	1,939	-	-	1,939
Increase (decrease) in accounts payable	33	(132,854)	40,017	(30,590)	(123,394)
Increase (decrease) in compensated absences	-	(3,759)	-	(1,633)	(5,392)
Total adjustments	<u>\$ 47,093</u>	<u>\$ 219,501</u>	<u>\$ 264,519</u>	<u>\$ 146,757</u>	<u>\$ 677,870</u>
Net cash provided (used) by operating activities	<u>\$ 29,845</u>	<u>\$ (72,469)</u>	<u>\$ 266,794</u>	<u>\$ 70,407</u>	<u>\$ 294,577</u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 229,569
Investments, at fair value:	
U.S. government obligations	37,256
Corporate bonds	5,061
Total assets	\$ <u>271,886</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 50,729
Amounts held for social services clients	14,060
Amounts held for others	15,524
Amounts held for Bridge House	48,452
Amounts held for alternative education program	143,121
Total liabilities	\$ <u>271,886</u>

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements As of June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The County of Westmoreland, located in the northern neck of Virginia and bordered by the counties of Essex, King George, Northumberland and Richmond, was founded in 1653. The County has a population of 16,718 and a land area of 222 square miles.

The County is governed under the County Administrator - Board of Supervisors form of government. Westmoreland County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, human service programs, landfill operations, planning, community development and recreation, cultural, and historic activities.

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

A. Financial Reporting Entity

Management's Discussion and Analysis: GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

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 (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

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

Statement of Program 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 WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

A. Financial Reporting Entity (Continued)

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 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. The County and many other governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, final budget, and actual results.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The County has no component units that meet the requirements for blending. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide statements to emphasize it is legally separate from the primary government. The discretely presented component unit has a June 30 fiscal year-end.

Inclusions in the Reporting Entity:

1. Component Unit:

a. Westmoreland County School Board:

The Westmoreland County School Board is elected to four year terms by the County voters. The School Board may hold property and issue debt subject to approval by the Board of Supervisors. The School Board provides public primary and secondary education services to the County residents. The primary funding sources of the School Board are state and federal grants, and appropriations from the County, which are significant since the School Board does not have separate taxing authority. The County also approves the School Board budget. The School Board does not issue separate financial statements.

Exclusions from the Reporting Entity:

1. Jointly Governed Organizations:

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

A. Financial Reporting Entity (Continued)

Exclusions from the Reporting Entity: (Continued)

1. Jointly Governed Organizations: (Continued)

The financial activities of the following organizations are excluded from the accompanying financial statements for the reasons indicated:

a. Northern Neck Regional Jail

The Northern Neck Regional Jail is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The counties of Richmond, Northumberland, and Westmoreland and the Town of Warsaw provide the financial support for the Jail through the assessment of user fees for prisoner care and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The Westmoreland County Board of Supervisors appoints two (2) of the seven (7) members of the Jail Board. No one locality contributes more than 50% of the Authority's funding or has oversight responsibility over its operations. The County of Westmoreland acts as fiscal agent for the Authority.

b. Rappahannock Regional Library

The Rappahannock Regional Library is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Counties of Westmoreland, Stafford and Spotsylvania and the City of Fredericksburg provide the financial support for the Library and appoint its governing Board, in which is vested the ability to execute contracts and to budget and to expend funds. The County appoints one (1) of the seven (7) members of the Board. No one locality contributes more than 50% of the Library's funding. The County provided \$352,204 in operating funds to the Library in 2011.

c. Middle Peninsula Northern Neck Community Services Board

The Middle Peninsula Northern Neck Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. This organization provides mental health, mental retardation, and substance abuse services to ten counties. The Counties of Essex, King and Queen, King William, Middlesex, Richmond, Mathews, Gloucester, Westmoreland, Lancaster and Northumberland appoint one member each to the Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Westmoreland County contributed \$53,182 as operating grants to the Middle Peninsula Northern Neck Community Services Board for the fiscal year ended June 30, 2011.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

A. Financial Reporting Entity (Continued)

Exclusions from the Reporting Entity: (Continued)

d. Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. Westmoreland County along with 16 other counties appoint one member each to the Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Westmoreland County contributed \$137,332 to the Middle Peninsula Juvenile Detention Commission for the fiscal year ended June 30, 2011.

Obtaining of Financial Statements for Jointly Governed Organizations

Complete financial statements of the jointly governed organizations may be obtained by contacting the County of Westmoreland, Virginia County Administrator, P.O. Box 1000, Montross, Virginia 22520-1000.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. The focus is on both the County as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The County generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Government-Wide and Fund Financial Statements: (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.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. 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, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Internal service charges if applicable, are eliminated and the net income or loss from internal service activities are allocated to the various functional expense categories based on the internal charges to each function.

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. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

Proprietary fund operating revenues consist of charges for services and related revenues. Nonoperating revenues consist of contributions, grants, investment earnings and other revenues not directly derived from the providing of services.

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

The County's fiduciary funds are presented in the fund financial statements by type (private purpose, if applicable, and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the County in FY 2011.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Government-Wide and Fund Financial Statements: (Continued)

1. Governmental Funds:

Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

- a. General Fund - The General Fund is the primary operating fund of the County. This Fund is used to account for and report all financial resources except those required to be accounted for and reported 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 are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.
- b. Debt Service Funds - The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The A.T. Johnson Fund is the only debt service fund.
- c. Capital Projects Funds - The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The General Capital Projects Fund is considered a major fund.

2. Proprietary Funds:

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

- a. Enterprise or Business Funds - Enterprise or Business Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. The Enterprise Funds consist of the following funds:
 - Water Fund - This fund accounts for income and expenses of the Rt. 3 Corridor, which provides water service to the Industrial Park, residences, and public buildings.
 - Coles Point Wastewater Fund - This fund accounts for income and expenses of the sewer system providing service to the Coles Point area.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Government-Wide and Fund Financial Statements: (Continued)

2. Proprietary Funds: (Continued)

- Washington District S/W Fund - This fund accounts for income and expenses of the sewer system providing service to the Washington District. This system is currently in the construction process. The system will utilize the Colonial Beach waste water treatment plant based on an agreement between the parties.
- Montross Sewer Fund - This fund accounts for the income and expenses of the sewer system providing service to the Town of Montross area.

3. Fiduciary Funds (Trust and Agency Funds):

Fiduciary Funds (Trust and Agency Funds) account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The funds include Private Purpose Trust and Agency Funds. Private purpose trust funds utilize the accrual basis of accounting as described in the Proprietary Funds presentation. Agency funds also utilize the accrual basis of accounting. The County has no Private Purpose Trust Funds. The Agency Funds consist of the following:

a. Agency Funds:

- Special Welfare Fund - This fund accounts for monies provided primarily through private donors for assistance of children in foster care and needy senior citizens. This fund is also used to account for monies received from other governments and individuals (i.e., social security and child support) to be paid to special welfare recipients.
- Commission on History and Archaeology Fund - This fund accounts for monies received from citizens for books written about the history of the County. The funds are then used to periodically update the books.
- Bridge House Fund - This fund accounts for monies held on behalf of the adolescent treatment facility. These funds are incorporated into the investment practices of the County.
- Adult Education Fund - This fund accounts for the operation of the Northern Neck Regional Alternative Education Program. The Program is a regional program utilized by local school districts for alternative education activities.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Government-Wide and Fund Financial Statements: (Continued)

4. Component Unit:

Westmoreland County School Board:

The Westmoreland County School Board has the following funds:

Governmental Funds:

- **School Operating Fund** - This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Westmoreland and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.
- **Special Revenue Fund** - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- **School Cafeteria Fund** - This special revenue fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales, and state and federal grants.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statement of net assets and statement of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of fiduciary net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The statement of net assets, statement of activities, financial statements of the Proprietary Funds, and Fiduciary Funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. Basis of Accounting: (Continued)

The fund financial statements of the General, Special Revenue, Debt Service, and Capital Projects (for the primary government and component unit School Board) are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within forty-five days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and state reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

D. Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and component unit School Board. All appropriations are legally controlled at the department level for the primary government funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all major funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Encumbrances:

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to commit an applicable portion of an appropriation, is used as an extension of formal budgetary control in the primary government and component unit School Board. Encumbrances outstanding at year-end are reported as commitments of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year. These encumbrances are subject to reappropriation by the Board of Supervisors in the succeeding fiscal year.

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

1. Prior to April 1, 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 budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings and open-houses are conducted to obtain citizen comments. Also, several work sessions between the Board of Supervisors and School Board are conducted on the School Board budget.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Budgets and Budgetary Accounting: (Continued)

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function and departmental level. The appropriation for each fund, function and department can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within departments and the School Board is authorized to transfer budgeted amounts within the school system's categories. Supplemental appropriations in addition to the appropriated budget were necessary during the year. Supplemental appropriations may not be made without amending the budget.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except School Funds), General Capital Projects Funds, Debt Service Funds, and Proprietary Funds. The School Operating and School Cafeteria Funds are integrated only at the level of legal adoption.

The County may adopt budgets for other funds, such as the Agency Funds, for use as a management control device over such funds. Capital Project and County Facility budgets are adopted at the time the project is approved and the construction contract awarded. Any unexpended current year appropriations are reappropriated in the ensuing fiscal year(s) until the project is completed.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all County and School Board funds.
8. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2011, as adopted, appropriated and legally amended.
9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. State law requires that if budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget.

E. Investments

Investments are reported at fair value.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$94,009 at June 30, 2011 and is comprised of the following:

General Fund--taxes receivable	\$ 94,009
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G. Prepaid Expenses

Prepaid expenses are reported on the consumption method.

H. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds of the primary government and component unit School Board, and as assets in the government-wide financial statements to the extent the County's and School Board's capitalization threshold of \$5,000 is met. The County and Component Unit School Board do not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are property of the Commonwealth of Virginia. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Building and improvements	10 to 40 years
Furniture and other equipment	3 to 20 years

To the extent the County's capitalization threshold of \$5,000 is met, capital outlays of the Proprietary Funds are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis using the straight-line method and the following estimated useful lives:

Buildings and systems	10 to 40 years
Equipment	5 to 10 years
Intangibles	20 to 40 years

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. The County and School Board do not capitalize historical treasures or works of art.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Interest on cost of construction funds for the Proprietary Funds is capitalized where applicable. No interest was capitalized in fiscal year 2011.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

I. Compensated Absences

The County and Component Unit School Board accrue compensated absences (annual and sick leave benefits) when vested. The amounts include all balances earned by employees which would be paid upon employee terminations, resignations or retirements.

An estimate of ten percent of the liability has been classified as current in the government-wide financial statements.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

K. Long-Term Obligations

The County reports long-term debt at face value. The face value of the debt is believed to approximate fair value.

L. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - 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 fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

L. Fund Equity: (Continued)

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through 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 (such as for special incentives). Assigned fund balance is established by the Board of Supervisors or the County Administrator.

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of 15% of the actual GAAP basis expenditures/operating revenues.

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General Fund	General Capital Projects Fund	Debt Service Fund	Total
Fund Balances:				
Restricted for:				
Post closure	\$ 1,323,280	\$ -	\$ -	\$ 1,323,280
Underground tanks	20,000	-	-	20,000
Car tax relief	98,756	-	-	98,756
Total Restricted Fund Balance	<u>\$ 1,442,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,442,036</u>
Committed to:				
Debt service	\$ -	\$ -	\$ 237,082	\$ 237,082
New courthouse	1,726,113	-	-	1,726,113
Land purchase	250,000	-	-	250,000
Other purposes	20,000	-	-	20,000
Total Committed Fund Balance	<u>\$ 1,996,113</u>	<u>\$ -</u>	<u>\$ 237,082</u>	<u>\$ 2,233,195</u>
Assigned to:				
Capital projects	\$ 124,157	\$ 570,079	\$ -	\$ 694,236
Housing coalition	78,432	-	-	78,432
General properties	146,555	-	-	146,555
Sheriff's department	105,389	-	-	105,389
Refuse disposal	192,836	-	-	192,836
Comprehensive services	150,000	-	-	150,000
Other purposes	1,059,743	-	-	1,059,743
Total Assigned Fund Balance	<u>\$ 1,857,112</u>	<u>\$ 570,079</u>	<u>\$ -</u>	<u>\$ 2,427,191</u>
Unassigned Fund Balance	<u>\$ 4,070,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,070,050</u>
Total Fund Balances	<u><u>\$ 9,365,311</u></u>	<u><u>\$ 570,079</u></u>	<u><u>\$ 237,082</u></u>	<u><u>\$ 10,172,472</u></u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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 (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).

Custodial Credit Risk (Investments)

The County's investments at June 30, 2011 were held in the County's name by the County's custodial bank.

Credit Risk of Debt Securities

The County's investment policy stipulates that U.S. dollar denominated commercial paper issued by an entity incorporated in the U.S. must be rated at least A-1 by Standard & Poor Corp. and P-1 by Moody's Investors Service. The policy also stipulates that U.S. dollar denominated Corporate Notes and Bonds must have a rating of at least A by Standard & Poor Corp. and by Moody's Investors Service.

The County's rated debt investments as of June 30, 2011 were rated by *Standard & Poor's* and/or an equivalent national rating organization and the ratings are presented below using the *Standard & Poor's* rating scale.

County's Rated Debt Investments' Values				
Rated Debt Investments	Fair Quality Ratings			
	AAAm	AA+	AA-	
U.S. Agencies	\$ -	\$ 1,965,351	\$ -	
Corporate Debt	-	1,680,072	586,174	
Virginia State Non-Arbitrage Program	121,136	-	-	
Money Market Mutual Fund	4,317,579	-	-	
Total	\$ 4,438,715	\$ 3,645,423	\$ 586,174	

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Concentration of Credit Risk

The County's investment policy contains several stipulations concerning the amount of funds that can be invested. Not more than 40% of the total funds available for investment may be invested in bankers' acceptances. Not more than 35% of the total funds available for investment may be invested in commercial paper, and not more than 5% in the obligations of any one issuer.

Interest Rate Risk

The County's investment policy contains certain guidelines concerning interest rate risk. Funds must be invested at all times in keeping with the seasonal pattern of the County's cash balances. County personnel must monitor and update cash flow projections to be communicated to the investment managers. A minimum of 10% of the portfolio must be invested in securities maturing within 30 days, and a minimum of 50% of the portfolio must be invested in securities maturing within 24 months.

The interest rate risk is summarized below:

Investment Maturities (in years)				
Investment Type	Fair Value	Less Than 1 Year		1-5 Years
U.S. Treasuries	\$ 1,117,223	\$ -	\$	1,117,223
U.S. Agencies	1,965,351	767,378		1,197,973
Corporate Bonds	2,266,246	1,100,263		1,165,983
Total	\$ 5,348,820	\$ 1,867,641	\$	3,481,179

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) are the same as the value of the pool shares.

NOTE 3 - PROPERTY TAXES:

Real property taxes are assessed on property values as of January 1, and attach as an enforceable lien on property as of the date levied by the Board of Supervisors. Personal property taxes are assessed on a prorated basis for the period the property is located in the County and also attach as an enforceable lien on the property.

Real estate and personal property taxes are due on December 5.

A ten percent penalty is levied on all taxes not collected on or before their due date. An interest charge of ten percent per annum is also levied on such taxes beginning on their due date.

Property taxes for calendar year 2010 were levied by the County Board of Supervisors on May 1, 2010, on the assessed value listed as of January 1, 2010.

Property taxes levied in the prior year have been recorded as receivables as of the date the County has the legal right to receive payments thereon. The receivables collected during the fiscal year and during the first 45 days of the succeeding fiscal year are recognized as revenues in the current fiscal year.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 3 - PROPERTY TAXES: (CONTINUED)

Taxes receivable as of the end of the year (June 30) and not collected until the succeeding year are reported as deferred revenues.

On April 18, 2000 the County adopted a resolution which established a separate tax district to pay all or any portion of the County's expenditures for operating the Westmoreland County school division. This resulted in two separate sets of tax rates. One set of rates for taxpayers residing in the area of the Town of Colonial Beach, and a different set of rates for those residing in the remainder of the County. For calendar year 2010 the rates per \$100 of assessed value were as follows:

	<u>Colonial Beach</u>	<u>All Other</u>
Real Estate	0.29	0.46
Personal Property	1.86	3.00
Machinery and Tools	1.50	1.50
Merchants Capital	0.24	0.46

NOTE 4 - RECEIVABLES:

Accounts Receivable:

Receivables at June 30, 2011 consist of the following:

	Primary Government			Business- Type Activities	Component
	Governmental Activities				Unit
	General	Debt Service	Total		School Board
Property taxes	\$ 764,677	\$ -	\$ 764,677	\$ -	\$ -
Utility taxes	27,055	-	27,055	-	-
Rescue recovery	46,314	-	46,314	-	-
E-Rate	-	-	-	-	73,187
Water and sewer charges	-	-	-	64,497	-
Other	31,694	13,372	45,066	-	15,712
Total	\$ 869,740	\$ 13,372	\$ 883,112	\$ 64,497	\$ 88,899
Allowance for uncollectibles	(94,009)	-	(94,009)	-	-
Net receivables	\$ 775,731	\$ 13,372	\$ 789,103	\$ 64,497	\$ 88,899

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2011:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Component Unit School Board</u>
	<u>General</u>		
Commonwealth of Virginia:			
Local sales taxes	\$ 171,704	-	\$ -
Communication taxes	100,963	-	-
State sales taxes	-	-	301,593
Social Services	47,252	-	-
Comprehensive Services Act	107,135	-	-
Shared expenses and grants	127,292	-	-
Other	41,772	-	-
Rural development grant funds	-	105,566	3,489
Federal pass-through school funds	83,396	-	322,573
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 679,514	\$ 105,566	\$ 627,655

NOTE 6 - INTERFUND BALANCES AND ACTIVITY:**Primary Government:**

Transfers To/From Other Funds:

Transfers to the Capital Projects Fund from the General Fund to pay general obligation debt service and related costs	\$ 77,628
Transfers to the Coles Point Wastewater Fund from the Washington District S/W Fund to fund sewer operations	<u>21,736</u>
Total transfers	\$ <u>99,364</u>
Reconciliation of transfers:	
Transfers in - governmental funds	\$ 77,628
Transfers in - enterprise funds	<u>21,736</u>
Total transfers	\$ <u>99,364</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 7 - DUE TO OTHER GOVERNMENTAL UNITS:

At June 30, 2011:

	<u>Governmental Activities</u>	<u>Component Unit</u>
	<u>General</u>	<u>School Board</u>
Town of Colonial Beach:		
Sales tax	\$ 40,471	\$ 71,085
Town of Montross:		
Sales tax	<u>1,554</u>	<u>-</u>
Total	\$ <u>42,025</u>	\$ <u>71,085</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 8 - CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the year:

Primary Government:

	Balance As Restated July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 378,301	\$ -	\$ -	\$ 378,301
Construction in Progress	<u>-</u>	<u>60,971</u>	<u>-</u>	<u>60,971</u>
Total capital assets not being depreciated	\$ <u>908,317</u>	\$ <u>60,971</u>	\$ <u>-</u>	\$ <u>969,288</u>
Other capital assets:				
Buildings	\$ 8,768,132	\$ -	\$ -	\$ 8,768,132
Machinery, equipment and vehicles	2,510,618	185,640	57,811	2,638,447
Jointly owned assets	<u>2,150,746</u>	<u>1,680,114</u>	<u>249,000</u>	<u>3,581,860</u>
Total other capital assets	\$ <u>13,429,496</u>	\$ <u>1,865,754</u>	\$ <u>306,811</u>	\$ <u>14,988,439</u>
Accumulated depreciation:				
Buildings	\$ 4,314,218	\$ 308,811	\$ -	\$ 4,623,029
Machinery, equipment and vehicles	1,895,533	198,025	57,811	2,035,747
Jointly owned assets	<u>684,472</u>	<u>47,544</u>	<u>82,869</u>	<u>649,147</u>
Total accumulated depreciation	\$ <u>6,894,223</u>	\$ <u>554,380</u>	\$ <u>140,680</u>	\$ <u>7,307,923</u>
Other capital assets, net	\$ <u>6,535,273</u>	\$ <u>1,311,374</u>	\$ <u>166,131</u>	\$ <u>7,680,516</u>
Net capital assets	\$ <u><u>6,913,574</u></u>	\$ <u><u>1,372,345</u></u>	\$ <u><u>166,131</u></u>	\$ <u><u>8,119,788</u></u>
Depreciation is allocated to:				
General government administration		\$ 100,345		
Public safety		160,163		
Health and welfare		93,831		
Education		47,544		
Public works		18,731		
Parks and recreation		104,402		
Community Development		<u>29,364</u>		
Total		\$ <u><u>554,380</u></u>		

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 8 - CAPITAL ASSETS: (Continued)

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 427,377	\$ -	\$ -	\$ 427,377
Construction in progress	<u>2,575,823</u>	<u>4,897,402</u>	<u>-</u>	<u>7,473,225</u>
Total capital assets not being depreciated	\$ <u>3,003,200</u>	\$ <u>4,897,402</u>	\$ <u>-</u>	\$ <u>7,900,602</u>
Other capital assets:				
Buildings and systems	\$ 23,506,273	\$ -	\$ -	\$ 23,506,273
Intangible assets	548,846	660,267	-	1,209,113
Machinery and equipment	<u>103,018</u>	<u>5,500</u>	<u>-</u>	<u>108,518</u>
Total other capital assets	\$ <u>24,158,137</u>	\$ <u>665,767</u>	\$ <u>-</u>	\$ <u>24,823,904</u>
Accumulated depreciation:				
Buildings and systems	\$ 2,904,907	\$ 767,413	\$ -	\$ 3,672,320
Intangible assets	27,442	13,721	-	41,163
Machinery and equipment	<u>38,264</u>	<u>17,100</u>	<u>-</u>	<u>55,364</u>
Total accumulated depreciation	\$ <u>2,970,613</u>	\$ <u>798,234</u>	\$ <u>-</u>	\$ <u>3,768,847</u>
Other capital assets, net	\$ <u>21,187,524</u>	\$ <u>(132,467)</u>	\$ <u>-</u>	\$ <u>21,055,057</u>
Net capital assets	\$ <u>24,190,724</u>	\$ <u>4,764,935</u>	\$ <u>-</u>	\$ <u>28,955,659</u>
Depreciation is allocated to:				
Water operations		\$ 47,354		
Sewer operations		<u>750,880</u>		
Total		\$ <u>798,234</u>		

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 8 - CAPITAL ASSETS: (Continued)

Component Unit-School Board:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 258,916	\$ -	\$ -	\$ 258,916
Other capital assets:				
Buildings	\$ 8,357,007	\$ 106,291	\$ -	\$ 8,463,298
Machinery, equipment and vehicles	3,378,817	69,157	8,014	3,439,960
Jointly owned assets	6,143,000	249,000	-	6,392,000
Total other capital assets	\$ 17,878,824	\$ 424,448	\$ 8,014	\$ 18,295,258
Accumulated depreciation:				
Buildings	\$ 5,780,782	\$ 526,038	\$ -	\$ 6,306,820
Machinery, equipment and vehicles	2,515,437	140,962	8,014	2,648,385
Jointly owned assets	1,346,167	82,869	-	1,429,036
Total accumulated depreciation	\$ 9,642,386	\$ 749,869	\$ 8,014	\$ 10,384,241
Other capital assets, net	\$ 8,236,438	\$ (325,421)	\$ -	\$ 7,911,017
Net capital assets	\$ 8,495,354	\$ (325,421)	\$ -	\$ 8,169,933
Depreciation is allocated to education		\$ 667,000		
Depreciation expense		\$ 667,000		
Transfer of accumulated depreciation on jointly owned assets		82,869		
Total increases in accumulated depreciation above		\$ 749,869		

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Westmoreland, Virginia for the year ended June 30, 2011, is that school financed assets in the amount of \$3,581,860 are reported in the Primary Government for financial reporting purposes.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLAN:

The County and Component Unit School Board participate in the Virginia Retirement System defined benefit pension plan.

A. Plan Description:

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

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

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

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

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLAN: (Continued)

A. Plan Description: (Continued)

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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

B. Funding Policy:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2011 were 10.81% and 8.07% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$302,083, \$581,325 and \$710,444, to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010 and 2009, respectively and these contributions represented 3.93%, 8.81% and 8.81%, respectively, of current covered payroll. The contribution rate for April - June 2010 was 0%.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLAN: (Continued)**C. Annual Pension Cost:**

For fiscal year 2011, the County's annual pension cost of \$478,623 was equal to the County's required and actual contributions.

Three-Year Trend Information - County			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 430,759	100%	-
June 30, 2010	425,343	100%	-
June 30, 2011	478,623	100%	-

For fiscal year 2011, the County School Board's annual pension cost for the Board's non-professional employees was \$77,553 which was equal to the Board's required and actual contributions.

Three-Year Trend Information - School Board Non-Professional			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 86,685	100%	-
June 30, 2010	86,172	100%	-
June 30, 2011	77,553	100%	-

The FY2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the County School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2009 for the unfunded actuarial accrued liability (UAAL) was 20 years.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLAN: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the County's plan was 76.86% funded. The actuarial accrued liability for benefits was \$19,717,619, and the actuarial value of assets was \$15,155,651, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,561,968. The covered payroll (annual payroll of active employees covered by the plan) was \$4,326,727 and ratio of the UAAL to the covered payroll was 105.44%.

As of June 30, 2010, the most recent actuarial valuation date, the County School Board's plan was 85.94% funded. The actuarial accrued liability for benefits was \$3,398,304, and the actuarial value of assets was \$2,920,349, resulting in an unfunded actuarial accrued liability (UAAL) of \$477,955. The covered payroll (annual payroll of active employees covered by the plan) was \$974,509, and ratio of the UAAL to the covered payroll was 49.05%.

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

NOTE 10 - CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES:

In accordance with GASB Statement 16 "*Accounting for Claims, Judgments and Compensated Absences*," the County and its component unit have accrued the liability arising from all outstanding claims, judgments and compensated absences. The liability for future vacation and sick leave benefits is accrued when such benefits meet certain conditions. See note 11 for details of changes.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 11 - LONG TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2011:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Long-term obligations payable from governmental activities:				
Lease revenue bonds payable	\$ 2,062,698	\$ -	\$ 193,955	\$ 1,868,743
Less deferred amount on refunding	(111,764)	12,418	-	(99,346)
General obligation bonds:				
School	-	1,975,000	115,000	1,860,000
State Literary Fund loans:				
School	2,150,746	-	249,000	1,901,746
Landfill closure/postclosure liability	1,319,447	3,833	-	1,323,280
Compensated absences	457,211	-	2,060	455,151
Total payable from governmental activities	\$ 5,878,338	\$ 1,991,251	\$ 560,015	\$ 7,309,574
Long-term obligations payable from business activities:				
Virginia Resources Authority revenue bonds	\$ 6,111,110	\$ 4,349,668	\$ 81,403	\$ 10,379,375
Treatment plant upgrade agreement	-	207,867	-	207,867
Compensated absences	20,225	-	5,392	14,833
Total payable from business activities	\$ 6,131,335	\$ 4,557,535	\$ 86,795	\$ 10,602,075
Long-term obligations payable from component unit activities:				
Retirement incentive obligation	\$ 284,035	\$ -	\$ 88,730	\$ 195,305
Capital leases	2,091,907	-	123,734	1,968,173
Other post employment benefits	555,262	441,282	109,900	886,644
Compensated absences	106,818	18,532	-	125,350
Total payable from component unit activities	\$ 3,038,022	\$ 459,814	\$ 322,364	\$ 3,175,472
Total long-term obligations	\$ 15,047,695	\$ 7,008,600	\$ 969,174	\$ 21,087,121
Reconciliation to Exhibit 1:				
Primary Government				
Long-term liabilities due within one year			\$ 738,978	
Long-term liabilities due in more than one year			17,172,671	
Component Unit				
Long-term liabilities due within one year			236,097	
Long-term liabilities due in more than one year			2,939,375	
Total long-term obligations			\$ 21,087,121	

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 11 - LONG TERM OBLIGATIONS: (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 915,542	\$ 630,409
2013	974,111	689,307
2014	886,725	655,840
2015	907,475	628,438
2016	932,171	600,224
2017-2021	3,847,072	2,569,545
2022-2026	2,170,313	2,114,751
2027-2031	1,519,507	1,437,853
2032-2036	1,647,671	1,045,429
2037-2041	1,998,223	694,877
2042-2046	1,775,762	309,257
2047-2050	806,637	50,973
Total	<u>\$ 18,381,209</u>	<u>\$ 11,426,903</u>

Note: The above includes all long-term bonds, capital leases, treatment plant upgrade agreement, and early retirement incentive obligation. Compensated absences, Other Post Employment Benefits and landfill closure/postclosure liability are not included.

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities:</u>		
<u>General Obligation Bonds:</u>		
\$1,975,000 general obligation school bonds, payable in annual principal installments of \$115,000, due on June 1 through 2027, interest payable semi-annually at 5.31%	\$ <u>1,860,000</u>	\$ <u>115,000</u>
<u>Lease Revenue Bonds:</u>		
\$2,848,683 Refunding lease revenue bonds, payable in various annual installments ranging from \$166,844 to \$260,989, due on January 15 through 2020, interest payable semi-annually at 3.71%	\$ 1,868,743	\$ 207,592
Less deferred amount on refunding	<u>(99,346)</u>	<u>-</u>
Total lease revenue bonds	<u>\$ 1,769,397</u>	<u>\$ 207,592</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 11 - LONG TERM OBLIGATIONS: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities: (Continued)</u>		
<u>State Literary Fund Loans:</u>		
\$680,635, issued July 25, 1996, due in annual installments of \$34,000 through May 15, 2018, interest payable annually at 3%	\$ 238,835	\$ 34,000
\$992,911, issued July 25, 1996, due in annual installments of \$50,000 through May 15, 2015, interest payable annually at 3%	342,911	50,000
\$3,300,000, issued November 15, 1997, due in annual installments of \$165,000 through November 15, 2019, interest at 3%	<u>1,320,000</u>	<u>165,000</u>
Total State Literary Fund Loans	<u>\$ 1,901,746</u>	<u>\$ 249,000</u>

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities: (Continued)</u>		
<u>Landfill closure and post-closure care monitoring liability</u>	\$ <u>1,323,280</u>	\$ <u>-</u>
<u>Compensated absences payable from general fund</u>	\$ <u>455,151</u>	\$ <u>45,515</u>
Total long-term obligations from governmental activities	<u>\$ 7,309,574</u>	<u>\$ 617,107</u>

Business-Type Activities:

Lease Revenue Bonds:

\$308,200 Lease revenue bonds, payable in 480 monthly installments of \$1,400 beginning on November 12, 2002, interest payable at 4.50% per year.	\$ 277,203	\$ 4,416
\$1,206,000 Lease revenue bonds, payable in 480 monthly installments of \$4,619 beginning on July 18, 2004, interest payable at 3.25% per year.	1,078,598	20,680
\$608,930 Lease revenue bonds, payable in 480 monthly installments of \$2,795 beginning on July 18, 2004, interest payable at 4.50% per year.	558,535	8,581
\$375,100 Lease revenue bonds, payable in 454 monthly installments of \$1,722 beginning on March 22, 2007, interest payable at 4.50% per year.	357,030	4,694
\$295,700 Lease revenue bonds, payable in \$454 monthly installments of \$1,310 beginning on July 17, 2007, interest payable at 4.25% per year.	281,980	3,809
\$1,174,000 Lease revenue bonds, payable in 454 monthly installments of \$5,107 beginning on October 26, 2007, interest payable at 4.125% per year.	1,121,956	15,290

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 11 - LONG TERM OBLIGATIONS: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Business-Type Activities: (Continued)</u>		
<u>Lease Revenue Bonds: (Continued)</u>		
\$1,000,000 Lease revenue bonds, payable in 480 monthly installments of \$4,500 beginning on July 20, 2008, interest payable at 4.50% per year.	\$ 971,148	\$ 10,514
\$1,287,000 Lease revenue bonds, payable in 454 monthly installments of \$5,599 beginning on October 26, 2007, interest payable at 4.125% per year.	1,229,925	16,768
\$1,500,000 revenue bonds, payable in 454 monthly installments of \$5,010 beginning on February 5, 2012, interest payable at 2.375% per year. Interest only due on January 5, 2011 and January 5, 2012.	1,500,000	10,245
\$3,003,000 revenue bonds, payable in 456 monthly installments of \$12,823 beginning on February 5, 2012, interest payable at 4.00% per year. Interest only due on January 5, 2011 and January 5, 2012.	<u>3,003,000</u>	<u>14,159</u>
Total Lease Revenue bonds	\$ <u>10,379,375</u>	\$ <u>109,156</u>
Treatment plant upgrade agreement with the Town of Colonial Beach payable in 222 monthly installments of \$936 beginning July 1, 2011. Interest payable at 0.00% per year.	\$ <u>207,867</u>	\$ <u>11,232</u>
<u>Compensated absences payable from water and sewer funds</u>	\$ <u>14,833</u>	\$ <u>1,483</u>
Total long-term obligations from business-type activities	\$ <u>10,602,075</u>	\$ <u>121,871</u>
<u>Component Unit Activities:</u>		
<u>Early Retirement Incentive Costs:</u>		
The Westmoreland County School Board adopted the early retirement incentive program. \$1,005,614, early retirement incentive obligation loan payable in annual installments of \$107,363 including principal and interest through 2012, interest at 6.56%. The balance of this liability is	\$ <u>195,305</u>	\$ <u>94,551</u>
<u>Capital Leases:</u>		
The School Board purchased energy savings equipment under a capital lease agreement. Title to the equipment passes to the entity upon completion of payment of the minimum lease payments. There are no restrictions imposed by the agreements. The balance of capital leases at June 30, 2011 is	\$ <u>1,968,173</u>	\$ <u>129,011</u>
<u>Compensated absences payable from school fund</u>	\$ <u>125,350</u>	\$ <u>12,535</u>
<u>Other Post Employment Benefits from school fund</u>	\$ <u>886,644</u>	\$ <u>-</u>
Total long-term obligations from component unit activities	\$ <u>3,175,472</u>	\$ <u>236,097</u>
Total long-term obligations	\$ <u>21,087,121</u>	\$ <u>975,075</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 12 - DEFERRED REVENUE:

At June 30, 2011:

Government-wide Statements	Balance Sheet
Governmental Activities	Governmental Funds

Primary Government:

Deferred property tax revenue:

Deferred revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.

\$		-	\$	606,576

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

Federal Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 14 - LITIGATION:

At June 30, 2011 there were no matters of litigation involving the County which would materially affect the County financial position should any court decision or pending matter not be favorable to the County.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 15 - LANDFILL CLOSURE AND POST CLOSURE CARE COST:

The County closed its landfill prior to the date mandated by state and federal laws and regulations; thereby, reducing the liability period for post closure monitoring to ten years subsequent to closure. The \$1,323,280 reported as landfill closure and post closure liability at June 30, 2011, represents the remainder of the liability to close the landfill and the estimated liability for post closure monitoring as well as corrective action costs. These amounts are based on what it would cost to perform all closure and post closure care in 2011. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has demonstrated financial assurance requirements for closure and postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

NOTE 16 - RISK MANAGEMENT:

The County and Component Unit School Board are exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County and School Board participate with other localities in a public entity risk pool for their coverage of worker's compensation with Virginia Municipal League and public official's liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County and School Board pay an annual premium to the pools for its general insurance through member premiums and continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 17 - SURETY BOND INFORMATION:

	<u>Amount</u>
Commonwealth of Virginia, Department of General Services, Division of Risk Management-Surety	
Gwynne Chatham, Clerk of the Circuit Court	\$ 103,000
Elizabeth Nash, Treasurer	400,000
Carol B.Gawen, Commissioner of the Revenue	3,000
Norman Risavi, County Administrator	2,000
C.O. Balderson, Sheriff	30,000
Constitutional Officers, their employees and agents	500,000
Department of Social Service Employees - Blanket Bond	100,000
W.W. Hynson - Surety	
Dorothy Tate, Supervisor	1,000
Dorothy Tate- Surety	
Russ Culver, Supervisor	1,000
Darryl E. Fisher - Surety	
Larry Roberson, Supervisor	1,000
Larry Roberson - Surety	
Darryl E. Fisher, Supervisor	1,000
Russ Culver - Surety	
W.W. Hynson, Supervisor	1,000
VSBA Property and Casualty Pool	
Linda Nettles, Clerk School Board	10,000
Peerless Insurance Company - Surety	
Dr. Rebecca Lowry, Superintendent of Schools	25,000

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 18—OTHER POST-EMPLOYMENT BENEFIT PROGRAM:

School Board:

A. Plan Description:

The School Board Post-Retirement Medical Plan is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the School Board. Retired employees, who have attained the age of 50, who were employed by Westmoreland County Public Schools with at least 10 years of service which have attained the age of 50 or have at least 5 years of service and have attained the age of 55 are eligible for retiree medical benefits. The plan has no separate financial report.

B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. The School Board contributes \$430.80 per month towards participants' premiums, and \$522.30 per month for retiree and spouse/dependent coverage, participating retirees pay the remainder of the monthly premiums. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation:

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual required contribution	\$ 439,000
Interest on net OPEB obligation	22,210
Adjustment to annual required contribution	(19,928)
Annual OPEB cost (expense)	\$ 441,282
Contributions made	(109,900)
Increase in net OPEB obligation	\$ 331,382
Net OPEB obligation-beginning of year	555,262
Net OPEB obligation-end of year	<u>\$ 886,644</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 18—OTHER POST-EMPLOYMENT BENEFIT PROGRAM: (Continued)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 375,700	\$ 25%	\$ 283,500
June 30, 2010	398,162	32%	555,262
June 30, 2011	441,282	25%	886,644

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2011 is as follows:

Actuarial accrued liability (AAL)	\$ 3,230,700
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	3,230,700
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	9,067,800
UAAL as a percentage of covered payroll	35.63%

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 18—OTHER POST-EMPLOYMENT BENEFIT PROGRAM: (Continued)

School Board: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

Cost Method

The cost method for valuation of liabilities used for this valuation is the Projected Unit Credit (PUC) Actuarial Cost Method. A PUC accrued benefit is determined for each active member in the Plan on the basis of the member's average final compensation projected to the assumed date of retirement and the member's creditable service at the valuation date. The actuarial liability for retirement benefits is the sum of the actuarial present value of the PUC accrued benefit of each active member. The normal cost for retirement benefits is the sum of the actuarial present value for the expected increase in the PUC accrued benefit during the plan year for each active member under the assumed retirement age.

The actuarial liability and the normal cost for termination benefits, disability benefits, and pre-retirement spouse's death benefits are determined in a similar manner by projecting the member's average final compensation to each assumed date of termination, disablement, or death. The actuarial liability and normal cost for the supplemental benefits are based upon the present value of the expected supplement expected to be paid to those covered employees attaining eligibility. The actuarial liability for inactive members is determined as the actuarial present value of the pension and supplemental benefits expected to be paid.

The difference between the actuarial liability and the actuarial value of assets is the unfunded actuarial liability. The annual required contribution is the sum of the normal cost and the amount necessary to amortize the unfunded actuarial liability over the amortization period and is adjusted with one-half year's interest to reflect that payments are made throughout the year. The amortization amount is determined as a level percentage of payroll.

Interest Assumptions

In the January 1, 2011, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.40 percent initially, reduced by decrements to an ultimate rate of 4.70 percent after eighty years. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2011, was thirty years.

	<u>Unfunded</u>
Discount rate	\$ 4.00%
Payroll growth	3.75%

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 19 –OTHER POST-EMPLOYMENT BENEFITS (OPEB):

A. Plan Description

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

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

Localities may elect to provide an additional health insurance credit of \$1 per month for each full year of the retired members' creditable service, not to exceed a maximum monthly credit of \$30. The enhanced credit is available for constitutional officers and their employees, local social services employees, and general registrars and their employees. Whereas the \$1.50 health credit cost is borne by the Commonwealth, the costs of such additional health insurance credit shall be borne by the locality.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 9.

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2011 was .08% of annual covered payroll.

C. OPEB Cost and Net OPEB Obligation:

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

For 2011, the County's contribution of \$3,542 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 19 —OTHER POST-EMPLOYMENT BENEFITS (OPEB): (Continued)

C. OPEB Cost and Net OPEB Obligation: (Continued)

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 3,542	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 44,833
Actuarial value of plan assets	5,005
Unfunded actuarial accrued liability	39,828
Funded ratio (actuarial value of plan assets/AAL)	11.16%
Covered payroll (active plan members)	4,326,727
UAAL as a percentage of covered payroll	0.92%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2010 was 26 years.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

NOTE 19 –OTHER POST-EMPLOYMENT BENEFITS (OPEB): (Continued)

F. Professional Employees - Discretely Presented Component Unit School Board

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$46,120, \$82,234, and \$87,092, respectively and equaled the required contributions for each year.

NOTE 20—RESTATEMENT:

Net assets as of July 1, 2010 were restated as follows:

	<u>Governmental Activities</u>
Beginning net assets, as previously reported	\$ 9,910,250
Restatement to adjust capital assets 6/30/10	<u>1,085,712</u>
Beginning net assets, as restated	\$ <u><u>10,995,962</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 14,148,864	\$ 14,345,773	\$ 14,005,502	\$ (340,271)
Other local taxes	1,647,345	1,647,345	1,691,688	44,343
Permits, privilege fees, and regulatory licenses	155,800	155,800	232,944	77,144
Fines and forfeitures	79,000	79,000	97,568	18,568
Revenue from the use of money and property	152,347	152,347	206,569	54,222
Charges for services	49,400	49,400	61,916	12,516
Miscellaneous	28,300	34,986	60,680	25,694
Recovered costs	571,400	678,439	656,046	(22,393)
Intergovernmental revenues:				
Commonwealth	5,129,798	5,180,786	4,818,938	(361,848)
Federal	1,390,075	1,402,425	1,144,209	(258,216)
Total revenues	\$ 23,352,329	\$ 23,726,301	\$ 22,976,060	\$ (750,241)
EXPENDITURES				
Current:				
General government administration	\$ 2,251,350	\$ 2,362,090	\$ 1,987,329	\$ 374,761
Judicial administration	905,999	951,433	895,219	56,214
Public safety	4,517,338	4,976,543	4,602,138	374,405
Public works	2,756,056	2,919,664	2,459,360	460,304
Health and welfare	3,836,791	3,972,540	3,124,656	847,884
Education	7,307,945	7,358,307	7,358,307	-
Parks, recreation, and cultural	515,682	508,959	506,999	1,960
Community development	557,199	643,759	532,286	111,473
Nondepartmental	97,960	392,571	159,931	232,640
Capital projects	45,739	176,776	52,619	124,157
Debt service:				
Principal retirement	249,000	364,000	364,000	-
Interest and other fiscal charges	64,523	192,709	192,709	-
Total expenditures	\$ 23,105,582	\$ 24,819,351	\$ 22,235,553	\$ 2,583,798
Excess (deficiency) of revenues over (under) expenditures	\$ 246,747	\$ (1,093,050)	\$ 740,507	\$ 1,833,557
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (77,629)	\$ (77,629)	\$ (77,628)	\$ 1
Net change in fund balances	\$ 169,118	\$ (1,170,679)	\$ 662,879	\$ 1,833,558
Fund balances - beginning	(169,118)	1,170,679	8,702,432	7,531,753
Fund balances - ending	\$ -	\$ -	\$ 9,365,311	\$ 9,365,311

Schedules of Funding Progress
Last Three Fiscal Years

VIRGINIA RETIREMENT SYSTEM:**COUNTY:**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 15,155,651	\$ 19,717,619	\$ 4,561,968	76.86%	\$ 4,326,727	105.44%
6/30/2009	15,060,362	17,760,240	2,699,878	84.80%	4,352,119	62.04%
6/30/2008	14,855,309	16,222,113	1,366,804	91.57%	4,338,360	31.51%

Health Insurance Credit Program:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 5,005	\$ 44,833	\$ 39,828	11.16%	\$ 4,326,727	0.92%

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD**SCHOOL BOARD NON-PROFESSIONALS:**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 2,920,349	\$ 3,398,304	\$ 477,955	85.94%	\$ 974,509	49.05%
6/30/2009	2,885,384	3,112,009	226,625	92.72%	982,625	23.06%
6/30/2008	2,820,443	2,990,135	169,692	94.32%	983,537	17.25%

OTHER POST-EMPLOYMENT BENEFITS:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/1/2011	\$ -	\$ 3,230,700	\$ 3,230,700	0.00%	\$ 9,067,800	35.63%
1/1/2009	-	2,747,500	2,747,500	0.00%	9,225,100	29.78%

OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

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Capital Projects Fund

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

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 7,591	\$ (409)
Total revenues	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 7,591</u>	<u>\$ (409)</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ 1,906,757	\$ 1,975,000	\$ (68,243)
Capital projects	30,750	30,750	7,809	22,941
Debt service:				
Principal retirement	55,665	55,665	55,665	-
Interest and other fiscal charges	21,964	21,964	21,963	1
Total expenditures	<u>\$ 108,379</u>	<u>\$ 2,015,136</u>	<u>\$ 2,060,437</u>	<u>\$ (45,301)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (100,379)</u>	<u>\$ (2,007,136)</u>	<u>\$ (2,052,846)</u>	<u>\$ (45,710)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 77,629	\$ 77,629	\$ 77,628	\$ (1)
Issuance of bonds	-	1,906,757	1,975,000	68,243
Total other financing sources and uses	<u>\$ 77,629</u>	<u>\$ 1,984,386</u>	<u>\$ 2,052,628</u>	<u>\$ 68,242</u>
Net change in fund balances	\$ (22,750)	\$ (22,750)	\$ (218)	\$ 22,532
Fund balances - beginning	22,750	22,750	570,297	547,547
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,079</u>	<u>\$ 570,079</u>

Balance Sheet
Nonmajor Debt Service Fund
June 30, 2011

		<u>AT Johson Debt Service Fund</u>
ASSETS		
Cash and cash equivalents	\$	81,156
Investments		142,554
Receivables (net of allowance for uncollectibles):		
Accounts receivable		13,372
Total assets	\$	<u>237,082</u>
LIABILITIES AND FUND BALANCES		
Fund balances:		
Committed	\$	<u>237,082</u>
Total fund balances	\$	<u>237,082</u>
Total liabilities and fund balances	\$	<u>237,082</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Debt Service Fund
 For the Year Ended June 30, 2011

	AT Johson Debt Service Fund
	<hr/>
REVENUES	
Revenue from the use of money and property	\$ 165,519
Charges for services	6,035
Total revenues	\$ <u>171,554</u>
EXPENDITURES	
Debt service:	
Principal retirement	\$ 138,290
Interest and other fiscal charges	55,443
Total expenditures	\$ <u>193,733</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(22,179)</u>
Net change in fund balances	\$ (22,179)
Fund balances - beginning	<u>259,261</u>
Fund balances - ending	<u><u>237,082</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Debt Service Fund
For the Year Ended June 30, 2011

AT Johnson Debt Service Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 161,660	\$ 161,660	\$ 165,519	\$ 3,859
Charges for services	3,000	3,000	6,035	3,035
Total revenues	\$ 164,660	\$ 164,660	\$ 171,554	\$ 6,894
EXPENDITURES				
Debt service:				
Principal retirement	\$ 138,290	\$ 138,290	\$ 138,290	\$ -
Interest and other fiscal charges	56,564	56,564	55,443	1,121
Total expenditures	\$ 194,854	\$ 194,854	\$ 193,733	\$ 1,121
Excess (deficiency) of revenues over (under)				
expenditures	\$ (30,194)	\$ (30,194)	\$ (22,179)	\$ 8,015
Net change in fund balances	\$ (30,194)	\$ (30,194)	\$ (22,179)	\$ 8,015
Fund balances - beginning	30,194	30,194	259,261	229,067
Fund balances - ending	\$ -	\$ -	\$ 237,082	\$ 237,082

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2011

	Agency Funds				
	Special Welfare	Commission on History and Archaeology Fund	Bridge House Fund	Alternative Education Fund	Total
ASSETS					
Cash and cash equivalents	\$ 30,098	\$ 15,524	\$ 6,135	\$ 177,812	\$ 229,569
Investments, at fair value:					
U.S. government obligations	-	-	37,256	-	37,256
Corporate bonds	-	-	5,061	-	5,061
Total assets	<u>\$ 30,098</u>	<u>\$ 15,524</u>	<u>\$ 48,452</u>	<u>\$ 177,812</u>	<u>\$ 271,886</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 16,038	\$ -	\$ -	\$ 34,691	\$ 50,729
Amounts held for social services clients	14,060	-	-	-	14,060
Amounts held for others	-	15,524	-	-	15,524
Amounts held for Bridge House	-	-	48,452	-	48,452
Amounts held for alternative education	-	-	-	143,121	143,121
Total liabilities	<u>\$ 30,098</u>	<u>\$ 15,524</u>	<u>\$ 48,452</u>	<u>\$ 177,812</u>	<u>\$ 271,886</u>

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Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 24,875	\$ 30,098	\$ 24,875	\$ 30,098
Total assets	<u>\$ 24,875</u>	<u>\$ 30,098</u>	<u>\$ 24,875</u>	<u>\$ 30,098</u>
LIABILITIES				
Accounts payable	\$ 10,815	\$ 16,038	\$ 10,815	\$ 16,038
Amounts held for social services clients	14,060	14,060	14,060	14,060
Total liabilities	<u>\$ 24,875</u>	<u>\$ 30,098</u>	<u>\$ 24,875</u>	<u>\$ 30,098</u>
Commission on History and Archaeology Fund:				
ASSETS				
Cash and cash equivalents	\$ 14,194	\$ 1,330	\$ -	\$ 15,524
Total assets	<u>\$ 14,194</u>	<u>\$ 1,330</u>	<u>\$ -</u>	<u>\$ 15,524</u>
LIABILITIES				
Amounts held for others	\$ 14,194	\$ 1,330	\$ -	\$ 15,524
Total liabilities	<u>\$ 14,194</u>	<u>\$ 1,330</u>	<u>\$ -</u>	<u>\$ 15,524</u>
Bridge House Fund:				
ASSETS				
Cash and cash equivalents	\$ 10,186	\$ 663	\$ 4,714	\$ 6,135
Investments, at fair value:				
U.S. government obligations	32,668	4,588	-	37,256
Corporate bonds	5,171	-	110	5,061
Total assets	<u>\$ 48,025</u>	<u>\$ 5,251</u>	<u>\$ 4,824</u>	<u>\$ 48,452</u>
LIABILITIES				
Amounts held for Bridge House	\$ 48,025	\$ 5,251	\$ 4,824	\$ 48,452
Total liabilities	<u>\$ 48,025</u>	<u>\$ 5,251</u>	<u>\$ 4,824</u>	<u>\$ 48,452</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Alternative Education Fund:				
ASSETS				
Cash and cash equivalents	\$ 149,264	\$ 405,761	\$ 377,213	\$ 177,812
Total assets	<u>\$ 149,264</u>	<u>\$ 405,761</u>	<u>\$ 377,213</u>	<u>\$ 177,812</u>
LIABILITIES				
Amounts payable and accrued liabilities	\$ 42,980	\$ 34,691	\$ 42,980	\$ 34,691
Amounts held for alternative education program	106,284	371,070	334,233	143,121
Total liabilities	<u>\$ 149,264</u>	<u>\$ 405,761</u>	<u>\$ 377,213</u>	<u>\$ 177,812</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 198,519	\$ 437,852	\$ 406,802	\$ 229,569
Investments, at fair value:				
U.S. government obligations	32,668	4,588	-	37,256
Corporate bonds	5,171	-	110	5,061
Total assets	<u>\$ 236,358</u>	<u>\$ 442,440</u>	<u>\$ 406,912</u>	<u>\$ 271,886</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 53,795	\$ 50,729	\$ 53,795	\$ 50,729
Amounts held for social services clients	14,060	14,060	14,060	14,060
Amounts held for others	14,194	1,330	-	15,524
Amounts held for Bridge House	48,025	5,251	4,824	48,452
Amounts held for alternative education program	106,284	371,070	334,233	143,121
Total liabilities	<u>\$ 236,358</u>	<u>\$ 442,440</u>	<u>\$ 406,912</u>	<u>\$ 271,886</u>

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2011

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 50	\$ 291,965	\$ 292,015
Cash in custody of others	121,154	-	121,154
Investments	2,501,183	-	2,501,183
Receivables (net of allowance for uncollectibles):			
Accounts receivable	88,087	812	88,899
Due from other governmental units	597,970	29,685	627,655
Total assets	<u>\$ 3,308,444</u>	<u>\$ 322,462</u>	<u>\$ 3,630,906</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 148,958	\$ 10,113	\$ 159,071
Accrued liabilities	1,522,434	47,100	1,569,534
Due to other governmental units	71,085	-	71,085
Total liabilities	<u>\$ 1,742,477</u>	<u>\$ 57,213</u>	<u>\$ 1,799,690</u>
Fund balances:			
Committed - cafeteria	\$ -	\$ 265,249	\$ 265,249
Assigned - capital outlays	501,291	-	501,291
Assigned - other purposes	4,064	-	4,064
Unassigned	1,060,612	-	1,060,612
Total fund balances	<u>\$ 1,565,967</u>	<u>\$ 265,249</u>	<u>\$ 1,831,216</u>
Total liabilities and fund balances	<u>\$ 3,308,444</u>	<u>\$ 322,462</u>	<u>\$ 3,630,906</u>

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

Total fund balances per above \$ 1,831,216

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the funds.

Land	\$ 258,916	
Buildings and systems	7,119,442	
Machinery and equipment	<u>791,575</u>	8,169,933

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

Compensated absences	\$ (125,350)	
Accrued interest payable	(41,528)	
Other post employment benefits	(886,644)	
Capital leases	(1,968,173)	
Retirement incentive obligation	<u>(195,305)</u>	(3,217,000)

Net assets of governmental activities \$ 6,784,149

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2011

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 38,695	\$ 123	\$ 38,818
Charges for services	1,100	267,076	268,176
Miscellaneous	235,407	14	235,421
Intergovernmental revenues:			
Local government	9,324,417	-	9,324,417
Commonwealth	6,977,490	14,200	6,991,690
Federal	2,311,416	655,868	2,967,284
Total revenues	<u>\$ 18,888,525</u>	<u>\$ 937,281</u>	<u>\$ 19,825,806</u>
EXPENDITURES			
Current:			
Education	\$ 16,287,509	\$ 912,899	\$ 17,200,408
Capital projects	1,785,405	-	1,785,405
Debt service:			
Principal retirement	123,734	-	123,734
Interest and other fiscal charges	86,987	-	86,987
Total expenditures	<u>\$ 18,283,635</u>	<u>\$ 912,899</u>	<u>\$ 19,196,534</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 604,890</u>	<u>\$ 24,382</u>	<u>\$ 629,272</u>
Net change in fund balances	\$ 604,890	\$ 24,382	\$ 629,272
Fund balances - beginning	961,077	240,867	1,201,944
Fund balances - ending	<u>\$ 1,565,967</u>	<u>\$ 265,249</u>	<u>\$ 1,831,216</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 \$ 629,272

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	\$ 175,448	
Depreciation expense	<u>(667,000)</u>	(491,552)

Transfer of joint tenancy assets from Primary Government to the Component Unit 166,131

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 assets. 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 retired on capital lease obligations 123,734

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.

Compensated absences	\$ (18,532)	
Other post employment benefits	(331,382)	
Accrued interest payable	2,611	
Retirement incentive obligation	<u>88,730</u>	(258,573)
Change in net assets of governmental activities		<u>\$ 169,012</u>

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COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	School Operating Fund				
	Budgeted Amounts				Variance with Final Budget Positive (Negative)
	Original	Final	Actual		
REVENUES					
Revenue from the use of money and property	\$ 3,496	\$ 30,333	\$ 38,695	\$	8,362
Charges for services	-	900	1,100		200
Miscellaneous	148,977	127,869	235,407		107,538
Intergovernmental revenues:					
Local government	7,299,055	9,256,174	9,324,417		68,243
Commonwealth	7,239,215	7,035,639	6,977,490		(58,149)
Federal	1,596,543	2,483,149	2,311,416		(171,733)
Total revenues	\$ 16,287,286	\$ 18,934,064	\$ 18,888,525	\$	(45,539)
EXPENDITURES					
Current:					
Education	\$ 16,126,844	\$ 17,093,729	\$ 16,287,509	\$	806,220
Capital projects	29,643	2,393,335	1,785,405		607,930
Debt service:					
Principal retirement	123,734	123,734	123,734		-
Interest and other fiscal charges	86,988	86,988	86,987		1
Total expenditures	\$ 16,367,209	\$ 19,697,786	\$ 18,283,635	\$	1,414,151
Excess (deficiency) of revenues over (under) expenditures					
	\$ (79,923)	\$ (763,722)	\$ 604,890	\$	1,368,612
Net change in fund balances	\$ (79,923)	\$ (763,722)	\$ 604,890	\$	1,368,612
Fund balances - beginning	79,923	763,722	961,077		197,355
Fund balances - ending	\$ -	\$ -	\$ 1,565,967	\$	1,565,967

Exhibit 21

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 279	\$ 279	\$ 123	\$ (156)
265,468	265,468	267,076	1,608
-	-	14	14
-	-	-	-
15,380	19,161	14,200	(4,961)
463,052	561,616	655,868	94,252
<u>\$ 744,179</u>	<u>\$ 846,524</u>	<u>\$ 937,281</u>	<u>\$ 90,757</u>
\$ 804,316	\$ 970,827	\$ 912,899	\$ 57,928
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 804,316</u>	<u>\$ 970,827</u>	<u>\$ 912,899</u>	<u>\$ 57,928</u>
<u>\$ (60,137)</u>	<u>\$ (124,303)</u>	<u>\$ 24,382</u>	<u>\$ 148,685</u>
\$ (60,137)	\$ (124,303)	\$ 24,382	\$ 148,685
60,137	124,303	240,867	116,564
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,249</u>	<u>\$ 265,249</u>

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Supporting Schedules

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Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 10,584,802	\$ 10,632,680	\$ 10,400,662	\$ (232,018)
Real and personal public service corporation taxes	199,400	226,663	228,708	2,045
Personal property taxes	2,935,322	3,034,279	2,820,117	(214,162)
Mobile home taxes	22,640	12,151	20,913	8,762
Machinery and tools taxes	97,500	118,494	119,080	586
Farm machinery and tools taxes	75,000	80,317	78,943	(1,374)
Merchants capital taxes	46,200	53,189	39,483	(13,706)
Penalties	138,000	138,000	200,087	62,087
Interest	50,000	50,000	97,509	47,509
Total general property taxes	\$ 14,148,864	\$ 14,345,773	\$ 14,005,502	\$ (340,271)
Other local taxes:				
Local sales and use taxes	\$ 662,345	\$ 662,345	\$ 668,082	\$ 5,737
Consumers' utility taxes	304,000	304,000	322,402	18,402
Utility gross receipts taxes	48,000	48,000	51,602	3,602
Motor vehicle licenses	470,000	470,000	505,049	35,049
Bank stock taxes	6,000	6,000	7,138	1,138
Taxes on recordation and wills	154,000	154,000	134,740	(19,260)
E-911 taxes	3,000	3,000	2,675	(325)
Total other local taxes	\$ 1,647,345	\$ 1,647,345	\$ 1,691,688	\$ 44,343
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 10,958	\$ 2,958
Permits and other licenses	147,800	147,800	221,986	74,186
Total permits, privilege fees, and regulatory licenses	\$ 155,800	\$ 155,800	\$ 232,944	\$ 77,144
Fines and forfeitures:				
Court fines and forfeitures	\$ 79,000	\$ 79,000	\$ 97,568	\$ 18,568
Revenue from use of money and property:				
Revenue from use of money	\$ 98,617	\$ 98,617	\$ 144,373	\$ 45,756
Revenue from use of property	53,730	53,730	62,196	8,466
Total revenue from use of money and property	\$ 152,347	\$ 152,347	\$ 206,569	\$ 54,222
Charges for services:				
Sheriff's fees	\$ 1,500	\$ 1,500	\$ 1,582	\$ 82
Charges for law enforcement and traffic control	8,000	8,000	7,676	(324)
Charges for courthouse maintenance	6,000	6,000	5,354	(646)
Charges for court appointed attorney	2,000	2,000	3,507	1,507
Concealed weapons permits	3,000	3,000	3,890	890
Charges for Commonwealth's Attorney	400	400	1,051	651

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Charges for services: (Continued)				
Miscellaneous jail and inmate fees	\$ 4,000	\$ 4,000	\$ 9,056	\$ 5,056
Charges for animal control	10,000	10,000	19,502	9,502
Charges for sanitation and waste removal	14,500	14,500	10,217	(4,283)
Charges for parks, recreation and cultural	-	-	81	81
Total charges for services	\$ 49,400	\$ 49,400	\$ 61,916	\$ 12,516
Miscellaneous revenue:				
Expenditure refunds	\$ -	\$ -	\$ 615	\$ 615
Miscellaneous other	28,300	34,986	60,065	25,079
Total miscellaneous revenue	\$ 28,300	\$ 34,986	\$ 60,680	\$ 25,694
Recovered costs:				
Other recovered costs	\$ 87,400	\$ 113,954	\$ 88,996	\$ (24,958)
Rescue recovery	484,000	564,485	567,050	2,565
Total recovered costs	\$ 571,400	\$ 678,439	\$ 656,046	\$ (22,393)
Total revenue from local sources	\$ 16,832,456	\$ 17,143,090	\$ 17,012,913	\$ (130,177)
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 100	\$ 100	\$ 101	\$ 1
Mobile home titling tax	15,000	15,000	29,663	14,663
Motor vehicle rental tax	1,000	1,000	1,162	162
State recordation tax	55,739	55,739	57,722	1,983
Tax on deeds	32,000	32,000	34,362	2,362
Communication sales and use taxes	550,000	550,000	662,998	112,998
Personal property tax relief funds	1,139,678	1,139,678	1,139,679	1
Total noncategorical aid	\$ 1,793,517	\$ 1,793,517	\$ 1,925,687	\$ 132,170
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 243,009	\$ 246,563	\$ 245,934	\$ (629)
Sheriff	949,795	949,795	917,534	(32,261)
Commissioner of revenue	93,022	93,022	93,448	426
Treasurer	87,067	87,067	87,362	295
Medical examiner	400	400	-	(400)
Registrar/electoral board	40,144	40,144	36,291	(3,853)
Clerk of the Circuit Court	192,621	201,923	201,810	(113)
Total shared expenses	\$ 1,606,058	\$ 1,618,914	\$ 1,582,379	\$ (36,535)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	\$ 879,317	\$ 879,317	\$ 517,418	\$ (361,899)
Two for life	16,030	20,008	20,008	-
Litter control grant	6,000	6,000	6,994	994
Fire programs	36,348	38,042	38,042	-
Comprehensive Services Act	557,800	557,800	497,432	(60,368)
Criminal justice grants	-	2,277	-	(2,277)
Emergency services	-	4,792	4,792	-
VJCCA grants	149,318	149,318	137,332	(11,986)
Victim-witness grant	45,410	45,410	45,402	(8)
DMV grants	-	22,391	-	(22,391)
Wireless grant	38,000	38,000	39,613	1,613
Other categorical aid	2,000	5,000	3,839	(1,161)
Total other categorical aid	\$ 1,730,223	\$ 1,768,355	\$ 1,310,872	\$ (457,483)
Total categorical aid	\$ 3,336,281	\$ 3,387,269	\$ 2,893,251	\$ (494,018)
Total revenue from the Commonwealth	\$ 5,129,798	\$ 5,180,786	\$ 4,818,938	\$ (361,848)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 798	\$ 798	\$ 1,330	\$ 532
Total noncategorical aid	\$ 798	\$ 798	\$ 1,330	\$ 532
Categorical aid:				
Welfare administration and public assistance	\$ 1,389,277	\$ 1,401,627	\$ 1,116,469	\$ (285,158)
Bullet proof vests	-	-	2,400	2,400
Community development block grant	-	-	3,000	3,000
DMV grants	-	-	19,556	19,556
U.S. fish and wildlife	-	-	1,454	1,454
Total categorical aid	\$ 1,389,277	\$ 1,401,627	\$ 1,142,879	\$ (258,748)
Total revenue from the federal government	\$ 1,390,075	\$ 1,402,425	\$ 1,144,209	\$ (258,216)
Total General Fund	\$ 23,352,329	\$ 23,726,301	\$ 22,976,060	\$ (750,241)
Debt Service Funds:				
AT Johnson Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,200	\$ 1,200	\$ 2,878	\$ 1,678
Revenue from the use of property	160,460	160,460	162,641	2,181
Total revenue from use of money and property	\$ 161,660	\$ 161,660	\$ 165,519	\$ 3,859

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Debt Service Funds: (Continued)				
AT Johnson Debt Service Fund: (Continued)				
Charges for services:				
Other charges for services	\$ 3,000	\$ 3,000	\$ 6,035	\$ 3,035
Total revenue from local sources	\$ 164,660	\$ 164,660	\$ 171,554	\$ 6,894
Total AT Johnson Debt Service Fund	\$ 164,660	\$ 164,660	\$ 171,554	\$ 6,894
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 8,000	\$ 8,000	\$ 7,591	\$ (409)
Total General Capital Projects Fund	\$ 8,000	\$ 8,000	\$ 7,591	\$ (409)
Total Primary Government	\$ 23,524,989	\$ 23,898,961	\$ 23,155,205	\$ (743,756)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,996	\$ 3,883	\$ 12,245	\$ 8,362
Revenue from the use of property	1,500	26,450	26,450	-
Total revenue from use of money and property	\$ 3,496	\$ 30,333	\$ 38,695	\$ 8,362
Charges for services:				
Charges for education	\$ -	\$ 900	\$ 1,100	\$ 200
Miscellaneous revenue:				
Expenditure refunds	\$ 61,201	\$ 72,297	\$ 176,685	\$ 104,388
Other miscellaneous	87,776	55,572	58,722	3,150
Total miscellaneous revenue	\$ 148,977	\$ 127,869	\$ 235,407	\$ 107,538
Total revenue from local sources	\$ 152,473	\$ 159,102	\$ 275,202	\$ 116,100
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Westmoreland, Virginia	\$ 7,299,055	\$ 9,256,174	\$ 9,324,417	\$ 68,243

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2011 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,296,671	\$ 1,296,671	\$ 1,349,618	\$ 52,947
Basic school aid	4,017,636	3,814,060	3,677,994	(136,066)
Remedial education	224,109	224,109	236,787	12,678
Gifted and talented	38,456	38,456	37,245	(1,211)
Special education	541,796	541,796	524,740	(17,056)
Textbook payment	44,899	44,899	43,486	(1,413)
Vocational SOQ payments	82,893	82,893	80,284	(2,609)
Social security fringe benefits	236,715	236,715	229,263	(7,452)
Retirement fringe benefits	140,149	140,149	135,737	(4,412)
Early reading intervention	25,723	25,723	19,671	(6,052)
At risk payments	215,593	215,593	208,793	(6,800)
Technology	154,000	154,000	188,300	34,300
Standards of Learning algebra readiness	17,021	17,021	20,123	3,102
Other state funds	203,554	203,554	225,449	21,895
Total categorical aid	\$ 7,239,215	\$ 7,035,639	\$ 6,977,490	\$ (58,149)
Total revenue from the Commonwealth	\$ 7,239,215	\$ 7,035,639	\$ 6,977,490	\$ (58,149)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 467,697	\$ 469,336	\$ 404,878	\$ (64,458)
Title VI-B, flow-through	407,444	340,337	340,337	-
Title VI-B, preschool	19,106	19,106	19,109	3
Title VI-B ARRA	-	70,451	70,451	-
Title I ARRA	97,420	179,394	176,540	(2,854)
1003 G school improvement	-	198,867	84,581	(114,286)
State fiscal stabilization funds, education	305,143	287,095	286,095	(1,000)
Drug free schools	7,826	7,826	7,677	(149)
Education technology formula grant	14,817	14,817	4,423	(10,394)
Community learning center grant	-	268,731	210,126	(58,605)
ARRA education jobs fund	-	335,741	335,741	-
Interest subsidy	-	-	94,094	94,094
Title II Part A	119,990	119,990	127,066	7,076
Other federal funds	157,100	171,458	150,298	(21,160)
Total categorical aid	\$ 1,596,543	\$ 2,483,149	\$ 2,311,416	\$ (171,733)
Total revenue from the federal government	\$ 1,596,543	\$ 2,483,149	\$ 2,311,416	\$ (171,733)
Total School Operating Fund	\$ 16,287,286	\$ 18,934,064	\$ 18,888,525	\$ (45,539)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2011 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 279	\$ 279	\$ 123	\$ (156)
Charges for services:				
Cafeteria sales	\$ 265,468	\$ 265,468	\$ 267,076	\$ 1,608
Miscellaneous revenue:				
Other miscellaneous	-	-	14	14
Total revenue from local sources	\$ 265,747	\$ 265,747	\$ 267,213	\$ 1,466
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 15,380	\$ 19,161	\$ 14,200	\$ (4,961)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 463,052	\$ 558,742	\$ 652,994	\$ 94,252
Other categorical aid	-	2,874	2,874	-
Total categorical aid	\$ 463,052	\$ 561,616	\$ 655,868	\$ 94,252
Total revenue from the federal government	463,052	561,616	655,868	94,252
Total School Cafeteria Fund	\$ 744,179	\$ 846,524	\$ 937,281	\$ 90,757
Total Discretely Presented Component Unit - School Board	\$ 17,031,465	\$ 19,780,588	\$ 19,825,806	\$ 45,218

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 86,622	\$ 86,652	\$ 75,999	\$ 10,653
General and financial administration:				
County administrator	\$ 355,686	\$ 368,759	\$ 366,983	\$ 1,776
County attorney	97,442	101,535	85,082	16,453
Independent auditor	46,000	46,000	46,000	-
Commissioner of revenue	341,969	348,577	343,192	5,385
Assessor	275,750	275,750	-	275,750
Treasurer	346,272	367,787	349,779	18,008
Accounting	247,097	256,644	248,412	8,232
Data processing	59,660	98,831	88,182	10,649
Risk management	256,933	246,388	228,974	17,414
Delinquent tax collections	20,838	35,820	34,533	1,287
Dues for local government	5,185	5,253	5,253	-
Total general and financial administration	\$ 2,052,832	\$ 2,151,344	\$ 1,796,390	\$ 354,954
Board of elections:				
Electoral board and officials	\$ 26,631	\$ 37,940	\$ 32,666	\$ 5,274
Registrar	85,265	86,154	82,274	3,880
Total board of elections	\$ 111,896	\$ 124,094	\$ 114,940	\$ 9,154
Total general government administration	\$ 2,251,350	\$ 2,362,090	\$ 1,987,329	\$ 374,761
Judicial administration:				
Courts:				
Circuit court	\$ 32,329	\$ 32,529	\$ 22,445	\$ 10,084
General district court	3,810	3,810	3,434	376
Special magistrates	600	600	64	536
Juvenile and domestic relations district court	38,460	47,685	33,223	14,462
Clerk of the circuit court	351,841	371,752	350,773	20,979
Victim-witness	45,410	45,706	45,434	272
Other	14,000	14,000	7,703	6,297
Total courts	\$ 486,450	\$ 516,082	\$ 463,076	\$ 53,006
Commonwealth's attorney:				
Commonwealth's attorney	\$ 419,549	\$ 435,351	\$ 432,143	\$ 3,208
Total commonwealth's attorney	\$ 419,549	\$ 435,351	\$ 432,143	\$ 3,208
Total judicial administration	\$ 905,999	\$ 951,433	\$ 895,219	\$ 56,214
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 1,879,136	\$ 2,077,517	\$ 1,977,488	\$ 100,029
Other law enforcement and traffic control	10,000	53,219	37,512	15,707
Sheriff - 911 system	509,243	537,833	510,382	27,451
Total law enforcement and traffic control	\$ 2,398,379	\$ 2,668,569	\$ 2,525,382	\$ 143,187

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public Safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 536,348	\$ 538,042	\$ 538,042	\$ -
Ambulance and rescue services	834,640	932,453	912,304	20,149
Forestry	7,435	7,435	7,435	-
Total fire and rescue services	\$ 1,378,423	\$ 1,477,930	\$ 1,457,781	\$ 20,149
Correction and detention:				
Juvenile and domestic relations court service unit	\$ 121,005	\$ 121,005	\$ 25,530	\$ 95,475
Juvenile commission crime control	149,318	149,318	137,332	11,986
Total correction and detention	\$ 270,323	\$ 270,323	\$ 162,862	\$ 107,461
Inspections:				
Building	\$ 115,947	\$ 124,679	\$ 119,509	\$ 5,170
Other protection:				
Animal control	\$ 130,928	\$ 173,166	\$ 150,081	\$ 23,085
Medical examiner	-	200	120	80
Emergency management	86,430	90,737	83,839	6,898
Emergency services (civil defense)	136,908	163,331	97,772	65,559
Emergency services grant	-	7,608	4,792	2,816
Total other protection	\$ 354,266	\$ 435,042	\$ 336,604	\$ 98,438
Total public safety	\$ 4,517,338	\$ 4,976,543	\$ 4,602,138	\$ 374,405
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 111,598	\$ 112,927	\$ 98,276	\$ 14,651
Sanitation and waste removal:				
Refuse collection	\$ 762,282	\$ 762,637	\$ 567,027	\$ 195,610
Refuse disposal	1,169,200	1,147,624	1,061,005	86,619
Total sanitation and waste removal	\$ 1,931,482	\$ 1,910,261	\$ 1,628,032	\$ 282,229
Maintenance of general buildings and grounds:				
General properties	\$ 712,976	\$ 896,476	\$ 733,052	\$ 163,424
Total public works	\$ 2,756,056	\$ 2,919,664	\$ 2,459,360	\$ 460,304
Health and welfare:				
Health:				
Local health department	\$ 181,382	\$ 181,382	\$ 175,242	\$ 6,140
Mental health and mental retardation:				
Contribution to Chapter X Board	\$ 53,182	\$ 53,182	\$ 53,182	\$ -
Welfare:				
Welfare administration	\$ 1,872,003	\$ 1,870,097	\$ 1,620,026	\$ 250,071
Public assistance	908,224	922,482	507,022	415,460
State and local hospitalization - indigents	9,500	7,841	-	7,841
Comprehensive Services Act	812,500	937,556	769,184	168,372
Total welfare	\$ 3,602,227	\$ 3,737,976	\$ 2,896,232	\$ 841,744
Total health and welfare	\$ 3,836,791	\$ 3,972,540	\$ 3,124,656	\$ 847,884

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contribution to local school board	\$ 7,299,055	\$ 7,349,417	\$ 7,349,417	\$ -
Contributions to community college	8,890	8,890	8,890	-
Total education	<u>\$ 7,307,945</u>	<u>\$ 7,358,307</u>	<u>\$ 7,358,307</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 116,444	\$ 108,814	\$ 108,409	\$ 405
Public landings	500	500	-	500
Total parks and recreation	<u>\$ 116,944</u>	<u>\$ 109,314</u>	<u>\$ 108,409</u>	<u>\$ 905</u>
Cultural enrichment:				
Westmoreland museum	\$ 46,386	\$ 46,386	\$ 46,386	\$ -
Library:				
Contribution to regional library	<u>\$ 352,352</u>	<u>\$ 353,259</u>	<u>\$ 352,204</u>	<u>\$ 1,055</u>
Total parks, recreation, and cultural	<u>\$ 515,682</u>	<u>\$ 508,959</u>	<u>\$ 506,999</u>	<u>\$ 1,960</u>
Community development:				
Planning and community development:				
Planning	\$ 355,403	\$ 401,427	\$ 375,251	\$ 26,176
Community development	37,850	37,850	37,850	-
Northern Neck Planning Commission	32,000	35,000	35,000	-
Planning District Commission	9,500	9,500	8,897	603
Zoning board	2,800	2,800	1,639	1,161
Wetlands board	4,800	5,900	5,309	591
Tourism	31,000	65,251	28,738	36,513
Industrial Development Authority	9,000	11,185	7,386	3,799
Total planning and community development	<u>\$ 482,353</u>	<u>\$ 568,913</u>	<u>\$ 500,070</u>	<u>\$ 68,843</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 11,300	\$ 11,300	\$ 11,300	\$ -
Litter control	6,000	6,000	1,000	5,000
Total environmental management	<u>\$ 17,300</u>	<u>\$ 17,300</u>	<u>\$ 12,300</u>	<u>\$ 5,000</u>
Cooperative extension program:				
Cooperative extension program	\$ 47,254	\$ 47,254	\$ 19,916	\$ 27,338
4-H	10,292	10,292	-	10,292
Total cooperative extension program	<u>\$ 57,546</u>	<u>\$ 57,546</u>	<u>\$ 19,916</u>	<u>\$ 37,630</u>
Total community development	<u>\$ 557,199</u>	<u>\$ 643,759</u>	<u>\$ 532,286</u>	<u>\$ 111,473</u>
Nondepartmental:				
Other nondepartmental	<u>\$ 97,960</u>	<u>\$ 392,571</u>	<u>\$ 159,931</u>	<u>\$ 232,640</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Capital projects:				
Other capital projects	\$ 45,739	\$ 176,776	\$ 52,619	\$ 124,157
Debt service:				
Principal retirement	\$ 249,000	\$ 364,000	\$ 364,000	\$ -
Interest and other fiscal charges	64,523	192,709	192,709	-
Total debt service	<u>\$ 313,523</u>	<u>\$ 556,709</u>	<u>\$ 556,709</u>	<u>\$ -</u>
Total General Fund	<u>\$ 23,105,582</u>	<u>\$ 24,819,351</u>	<u>\$ 22,235,553</u>	<u>\$ 2,583,798</u>
Debt Service Fund:				
AT Johnson Debt Service Fund:				
Debt service:				
Principal retirement	\$ 138,290	\$ 138,290	\$ 138,290	\$ -
Interest and other fiscal charges	56,564	56,564	55,443	1,121
Total AT Johnson Debt Service Fund	<u>\$ 194,854</u>	<u>\$ 194,854</u>	<u>\$ 193,733</u>	<u>\$ 1,121</u>
Capital Projects Fund:				
General Capital Projects Fund:				
Education:				
Contribution to local school board	\$ -	\$ 1,906,757	\$ 1,975,000	\$ (68,243)
Capital projects expenditures:				
Other capital projects	\$ 30,750	\$ 30,750	\$ 7,809	\$ 22,941
Debt service:				
Principal retirement	\$ 55,665	\$ 55,665	\$ 55,665	\$ -
Interest and other fiscal charges	21,964	21,964	21,963	1
Total debt service	<u>\$ 77,629</u>	<u>\$ 77,629</u>	<u>\$ 77,628</u>	<u>\$ 1</u>
Total General Capital Projects Fund	<u>\$ 108,379</u>	<u>\$ 2,015,136</u>	<u>\$ 2,060,437</u>	<u>\$ (45,301)</u>
Total Primary Government	<u>\$ 23,408,815</u>	<u>\$ 27,029,341</u>	<u>\$ 24,489,723</u>	<u>\$ 2,539,618</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2011 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction costs:				
Classroom instruction	\$ 9,280,395	\$ 9,986,455	\$ 9,613,307	\$ 373,148
Guidance services	388,663	395,397	393,295	2,102
Social worker services	8,672	11,537	11,261	276
Homebound instruction	22,312	44,517	40,736	3,781
Improvement of instruction	26,132	12,411	7,038	5,373
Media services	294,519	291,694	286,856	4,838
Office of the principal	679,139	766,113	751,166	14,947
Total instruction costs	\$ 10,699,832	\$ 11,508,124	\$ 11,103,659	\$ 404,465
Administration, attendance, and health:				
Board services	\$ 33,558	\$ 41,046	\$ 39,739	\$ 1,307
Executive administration	651,500	647,482	624,961	22,521
Fiscal services	115,157	115,688	112,466	3,222
Health services	154,722	156,054	150,101	5,953
Psychologist services	76,030	77,165	75,806	1,359
Attendance and health services	74,365	75,304	73,677	1,627
Total administration, attendance, and health	\$ 1,105,332	\$ 1,112,739	\$ 1,076,750	\$ 35,989
Operating costs:				
Pupil transportation	\$ 1,602,082	\$ 1,747,371	\$ 1,714,285	\$ 33,086
Operation and maintenance of school plant	1,685,358	1,688,843	1,522,648	166,195
Operation and maintenance - vehicle services	10,500	10,825	10,825	-
Facilities	37,000	66,468	66,468	-
Technology	986,740	959,359	792,874	166,485
Total operating costs	\$ 4,321,680	\$ 4,472,866	\$ 4,107,100	\$ 365,766
Total education	\$ 16,126,844	\$ 17,093,729	\$ 16,287,509	\$ 806,220
Capital projects:				
School capital projects	\$ 29,643	\$ 2,393,335	\$ 1,785,405	\$ 607,930
Debt service:				
Principal retirement	\$ 123,734	\$ 123,734	\$ 123,734	\$ -
Interest and other fiscal charges	86,988	86,988	86,987	1
Total debt service	\$ 210,722	\$ 210,722	\$ 210,721	\$ 1
Total School Operating Fund	\$ 16,367,209	\$ 19,697,786	\$ 18,283,635	\$ 1,414,151
Special Revenue Fund:				
Cafeteria Fund:				
Education:				
School food services:				
Food services	\$ 804,316	\$ 970,827	\$ 912,899	\$ 57,928
Total Discretely Presented Component Unit - School Board	\$ 17,171,525	\$ 20,668,613	\$ 19,196,534	\$ 1,472,079

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Other Supplementary Information

Statistical Information

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COUNTY OF WESTMORELAND, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Nine Fiscal Years (1)

Fiscal Year	General			Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural	Community Develop- ment	Interest on Long- Term Debt	Water and Sewer	Total
	Government Admini- stration	Judicial Admini- stration									
2002-03	\$ 1,387,665	\$ 581,882	\$ 2,439,949	\$ 1,430,092	\$ 2,127,505	\$ 4,695,584	\$ 567,168	\$ 476,453	\$ 733,213	\$ 86,119	\$ 14,525,630
2003-04	1,499,081	677,421	2,805,002	1,769,516	2,579,673	5,370,778	496,022	608,516	704,319	284,937	16,795,265
2004-05	1,989,844	789,028	3,280,344	1,901,105	3,064,829	5,119,295	575,161	850,272	644,120	703,492	18,917,490
2005-06	1,872,803	936,588	3,534,557	2,584,020	2,872,215	5,559,083	503,245	790,880	599,097	637,139	19,889,627
2006-07	1,937,188	923,423	3,813,269	2,517,368	3,405,187	5,711,808	463,444	947,765	533,361	711,813	20,964,626
2007-08	1,929,089	946,156	4,064,706	2,528,664	3,855,693	5,893,445	513,610	776,685	463,907	755,354	21,727,309
2008-09	2,127,728	920,085	4,070,888	2,935,668	3,677,723	7,096,142	531,349	477,332	409,540	1,457,659	23,704,114
2009-10	2,152,355	882,825	4,100,518	4,181,907	3,479,544	7,172,995	531,032	676,913	357,319	1,545,593	25,081,001
2010-11	2,047,166	907,476	4,095,860	2,392,400	3,267,173	7,866,868	666,480	557,743	194,661	1,641,291	23,637,118

(1) Information has only been available for nine years.

COUNTY OF WESTMORELAND, VIRGINIA

Table 2

Government-Wide Revenues

Last Nine Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain (loss) on Disposal of Capital Assets	
2002-03	\$ 340,694	\$ 3,615,520	\$ 2,680,543	\$ 8,289,037	\$ 1,861,540	\$ 642,017	\$ 467,091	\$ 1,255,832	\$ -	\$ 19,152,274	
2003-04	215,127	4,994,239	1,223,409	8,761,199	2,126,050	567,648	381,591	1,311,422	289,757	19,870,442	
2004-05	343,164	5,034,657	226,804	8,989,988	2,333,601	440,142	613,953	1,299,588	-	19,281,897	
2005-06	399,585	4,853,729	2,807,655	9,239,430	2,693,401	478,634	632,606	1,498,132	-	22,603,172	
2006-07	770,316	6,473,810	2,152,054	11,916,334	2,631,376	704,259	568,866	1,293,764	(152,754)	26,358,025	
2007-08	936,490	5,773,145	4,770,162	12,225,448	2,649,385	839,422	563,516	1,240,601	-	28,998,169	
2008-09	1,241,440	4,896,246	-	14,058,354	2,457,899	676,723	600,033	1,294,332	-	25,225,027	
2009-10	1,369,318	4,490,855	1,271,784	13,996,800	1,756,532	397,181	2,642,087	1,938,603	-	27,863,160	
2010-11	1,318,725	4,181,265	1,131,915	14,032,052	1,691,688	389,539	62,060	1,927,017	-	24,734,261	

(1) Information has only been available for nine years.

COUNTY OF WESTMORELAND, VIRGINIA

Table 3

General Government Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General		Other		Permit Privilege		Fines & Forfeitures	Use of Money & Property	Charges for Services	Miscel- laneous	Recovered Costs	Intergovern- mental	Total
	Property Taxes	Taxes	Local Taxes	Regulatory Licenses	Fees & Regulatory Licenses								
2002	\$ 7,621,313	\$ 1,265,694	\$ 180,130	\$ 27,660	\$ 465,493	\$ 399,295	\$ 506,683	\$ 263,062	\$ 14,076,948	\$ 24,806,278			
2003	8,366,669	1,861,540	181,389	28,129	655,131	379,715	501,795	165,319	14,340,517	26,480,204			
2004	8,609,719	2,126,050	183,385	33,950	574,731	428,955	409,701	131,606	15,996,825	28,494,922			
2005	8,890,202	2,333,601	216,926	68,439	417,798	440,360	790,813	223,357	16,489,708	29,871,204			
2006	9,215,521	2,693,401	302,028	61,286	479,949	443,567	815,325	501,259	17,107,551	31,619,887			
2007	11,982,237	2,631,376	260,445	60,325	651,529	409,437	802,693	496,571	17,841,962	35,136,575			
2008	12,232,890	2,649,385	209,337	75,541	717,712	389,705	817,037	568,817	18,326,640	35,987,064			
2009	13,909,366	2,457,899	217,488	136,695	533,265	378,683	1,026,982	812,592	16,850,180	36,323,150			
2010	13,882,214	1,756,532	247,734	117,645	385,746	331,088	3,011,763	749,569	17,116,895	37,599,186			
2011	14,005,502	1,691,688	232,944	97,568	410,906	336,127	296,101	656,046	15,922,121	33,649,003			

(1) Includes General, Special Revenue, and Debt Service Funds of the Primary Government and Component Unit School Board.

COUNTY OF WESTMORELAND, VIRGINIA

Table 4

General Government Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government			Judicial Administration		Public Safety		Public Works		Health and Welfare		Recreation and Cultural		Community Development		Non-Departmental		Debt Service		Total		
	Admini- stration	Admini- stration	Admini- stration	Public Safety	Public Safety	Public Works	Public Works	Health and Welfare	Health and Welfare	Education	Education	Cultural	Cultural	Development	Development	Departmental	Departmental	Service	Service			
2002	\$	1,350,283	\$	683,364	\$	2,594,827	\$	1,549,648	\$	2,324,053	\$	13,443,669	\$	563,606	\$	383,301	\$	-	\$	1,659,556	\$	24,552,307
2003		1,322,053		630,077		2,544,457		1,435,704		2,132,568		13,886,672		535,043		427,484		-		1,642,101		24,556,159
2004		1,388,636		647,060		2,682,973		1,686,590		2,569,845		14,527,102		488,045		543,968		54,791		1,643,142		26,232,152
2005		1,814,125		702,249		3,192,806		1,916,163		3,055,441		15,976,207		509,934		444,360		71,116		1,618,225		29,300,626
2006		1,829,959		803,974		3,961,572		2,375,560		2,839,575		16,043,901		499,675		543,575		63,474		1,650,432		30,611,697
2007		1,734,585		943,246		4,140,783		2,397,311		3,331,790		17,214,087		447,404		587,469		101,102		1,584,208		32,481,985
2008		1,875,381		953,929		4,563,061		2,525,615		3,733,412		17,937,265		497,341		565,853		125,211		1,546,464		34,323,532
2009		2,038,948		907,316		4,571,090		2,833,071		3,596,622		18,330,747		515,689		467,666		94,121		1,730,065		35,085,335
2010		2,060,753		877,830		4,585,658		2,878,497		3,380,986		18,138,812		515,150		514,554		131,460		1,564,482		34,648,182
2011		1,987,329		895,219		4,602,138		2,459,360		3,124,656		17,209,298		506,999		532,286		159,931		1,038,791		32,516,007

(1) Includes current expenditures of the General, Special Revenue and Debt Service Funds of the Primary Government, debt service expenditures of the Capital Projects Funds, and Component Unit School Board.

COUNTY OF WESTMORELAND, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	(2) Current Tax Collections		Percent of Levy Collected	(1) Delinquent Tax Collections		(2) Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy	
2002	\$ 8,637,803	\$ 8,366,194		96.86%	\$ 252,825	\$ 8,619,019		99.78%	\$ 389,143		4.51%	
2003	9,405,005	9,103,899		96.80%	198,915	9,302,814		98.91%	379,445		4.03%	
2004	9,753,014	9,468,180		97.08%	112,857	9,581,037		98.24%	604,149		6.19%	
2005	9,891,744	9,551,664		96.56%	156,551	9,708,215		98.14%	626,251		6.33%	
2006	10,403,748	10,158,325		97.64%	156,766	10,315,091		99.15%	606,605		5.83%	
2007	13,395,105	12,680,676		94.67%	168,848	12,849,524		95.93%	602,330		4.50%	
2008	13,755,013	12,939,690		94.07%	146,639	13,086,329		95.14%	723,500		5.26%	
2009	14,790,793	14,575,133		98.54%	211,639	14,786,772		99.97%	822,708		5.56%	
2010	14,926,605	14,462,888		96.89%	259,884	14,722,772		98.63%	791,771		5.30%	
2011	15,142,218	14,567,198		96.20%	280,387	14,847,585		98.05%	764,678		5.05%	

(1) Exclusive of penalties and interest.

(2) Includes Personal Property Relief Act reimbursements to the County of:

\$1,138,645 in fiscal year 2002, \$1,152,825 in fiscal year 2003, \$1,192,078 in fiscal year 2004,
\$1,068,848 in fiscal year 2005, \$1,268,512 in fiscal year 2006, \$1,142,742 in fiscal year 2007,
\$1,139,679 in fiscal years 2008, 2009, 2010, and 2011.

COUNTY OF WESTMORELAND, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	(1)					Farm Machinery	Merchants Capital	Public Utility	Total
		Personal Property	Machinery & Tools	Machinery						
2002	\$ 1,016,652,645	\$ 110,522,140	\$ 4,546,010	\$ 5,134,600	\$ 10,343,450	\$ 45,279,433	\$ 1,192,478,278			
2003	1,035,780,223	115,702,170	4,780,630	5,575,650	9,941,950	43,159,255	1,214,939,878			
2004	1,061,473,808	122,084,750	5,046,460	5,498,930	11,198,540	41,343,710	1,246,646,198			
2005	1,086,823,570	124,665,860	4,905,060	5,448,420	11,029,260	32,989,040	1,265,861,210			
2006	1,123,331,030	138,217,530	5,537,450	6,072,480	11,387,410	26,973,380	1,311,519,280			
2007	2,061,766,020	140,435,940	5,390,610	6,250,300	11,366,300	44,414,760	2,269,623,930			
2008	2,103,141,680	153,700,610	6,311,930	6,165,140	11,561,490	34,201,410	2,315,082,260			
2009	2,172,215,080	157,928,510	6,785,990	6,038,600	13,009,980	34,946,314	2,390,924,474			
2010	2,223,288,450	147,214,970	6,671,900	6,686,780	12,486,540	48,805,697	2,445,154,337			
2011	2,458,924,760	150,426,540	7,934,310	6,425,400	12,715,950	54,042,006	2,690,468,966			

(1) Includes mobile homes.

COUNTY OF WESTMORELAND, VIRGINIA

Table 7

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Years	Real Estate (2)	Personal Property (2)	Machinery and Tools		Farm Machinery	Merchants' Capital
2002	\$ 0.61	\$ 2.50	\$ 1.50	\$ 1.25	\$ 0.50	
2003	0.66	2.50	1.50	1.25	0.50	
2004	0.66	2.50	1.50	1.25	0.50	
2005	0.66	2.50	1.50	1.25	0.50	
2006	0.66	2.50	1.50	1.25	0.50	
2007	0.44	3.00	1.50	1.25	0.50	
2008	0.44	3.00	1.50	1.25	0.50	
2009	0.50	3.00	1.50	1.25	0.50	
2010	0.50	3.00	1.50	1.25	0.50	
2011	0.46	3.00	1.50	1.25	0.46	

(1) Per \$100 of assessed value.

(2) Also applies to public utility property.

COUNTY OF WESTMORELAND, VIRGINIA

Table 8

Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less		Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)			
2002	16,718	\$ 1,192,478,278	\$ 14,428,966	\$ 671,467	\$ 308,200	\$ 13,449,299	1.13%	\$ 804
2003	16,718	1,214,939,878	15,444,544	676,560	2,121,150	12,646,834	1.04%	756
2004	16,718	1,246,646,198	14,620,587	660,344	2,118,067	11,842,176	0.95%	708
2005	16,718	1,265,861,210	14,183,925	690,166	2,531,009	10,962,750	0.87%	656
2006	17,227	1,311,519,280	15,280,536	757,270	5,196,951	9,326,315	0.71%	541
2007	17,188	2,269,623,930	14,395,466	769,838	5,167,717	8,457,911	0.37%	492
2008	17,188	2,315,082,260	14,463,398	788,055	6,111,061	7,564,282	0.33%	440
2009	17,462	2,390,924,474	13,498,455	833,640	6,035,963	6,628,852	0.28%	380
2010	17,515	2,445,154,337	10,324,554	561,771	6,111,110	3,651,673	0.15%	208
2011	17,454	2,690,468,966	16,009,864	237,082	10,379,375	5,393,407	0.20%	309

(1) Welden Cooper Center for Public Service

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans and IDA Lease Revenue Bonds.
Does not include VRS retirement incentive obligation loan, capital leases, and compensated absences.

(4) Includes General Obligation Debt payable from enterprise revenues.

COUNTY OF WESTMORELAND, VIRGINIA

Table 9

Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2002	\$ 834,894	\$ 745,243	\$ 1,580,137	\$ 24,552,307	6.44%
2003	856,855	705,838	1,562,693	24,556,159	6.36%
2004	884,316	679,519	1,563,835	26,232,152	5.96%
2005	917,307	621,805	1,539,112	29,300,626	5.25%
2006	962,619	563,773	1,526,392	30,611,697	4.99%
2007	991,674	513,597	1,505,271	32,481,985	4.63%
2008	1,021,065	446,978	1,468,043	34,323,532	4.28%
2009	1,046,022	395,615	1,441,637	35,085,335	4.11%
2010	930,089	345,142	1,275,231	34,648,182	3.68%
2011	681,689	357,102	1,038,791	32,516,007	3.19%

(1) Includes General, Capital Projects and Debt Service Funds of the Primary Government.

(2) From Table 4.

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 Westmoreland, Virginia**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Westmoreland, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Westmoreland, Virginia's basic financial statements and have issued our report thereon dated December 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of

Internal Control Over Financial Reporting (continued)

findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (reference item 2011-1). 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Westmoreland, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2011-1.

We noted certain matters that we reported to management of the County of Westmoreland, Virginia in a separate letter dated December 12, 2011.

County of Westmoreland, Virginia's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit County of Westmoreland, Virginia's response and, accordingly, we express no opinion on it.

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

Robinson, Tamara, Cox Associates

Fredericksburg, Virginia
December 12, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

**To the Honorable Members of the Board of Supervisors
County of Westmoreland, Virginia**

Compliance

We have audited the County of Westmoreland, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The County of Westmoreland, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Westmoreland, Virginia's management. Our responsibility is to express an opinion on the County of Westmoreland, Virginia's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

Robinson, Tamara, Cox Associates

Fredericksburg, Virginia
December 12, 2011

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
CCDF Cluster:			
Child care and development block grant	93.575	0770111/0770110	\$ 148,535
Child care mandatory and matching funds of the child care and development fund	93.596	0760111/0760110	79,611
ARRA - child care and development block grant	93.713	0740109/0780109	20,562
Total CCDF Cluster			\$ 248,708
Foster care - Title IV-E	93.658	1100111/1100110	\$ 63,933
ARRA - foster care - Title IV-E	93.658	1100111/1100110	616
Total 93.658			\$ 64,549
Adoption assistance	93.659	1120111/1120110	\$ 21,582
ARRA - adoption assistance	93.659	1120111/1120110	1,160
Total 93.659			\$ 22,742
Promoting safe & stable families	93.556	0950111/0950110	\$ 12,541
Temporary Assistance for Needy Families (TANF)	93.558	0400111/0400110	201,128
Refugee and entrant assistance - state administered programs	93.566	0500111/0500110	483
Low-income home energy assistance	93.568	0600411/0600410	13,801
Child welfare services - state grants	93.645	0900111/0900110	814
Social services block grant	93.667	1000111/1000110	118,763
Chafee foster care independence program	93.674	9150111/9150110	2,948
Children's health insurance program	93.767	0540111/0540110	7,718
Medical assistance program	93.778	1200111/1200110	155,561
Total Department of Health and Human Services			\$ 849,756
Department of Agriculture:			
Direct Payments:			
Water and waste disposal systems for rural communities	10.760	N/A	\$ 5,478,583
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food distribution service	10.555	10.555/2011/2010	\$ 59,567
National school lunch program	10.555	10.555/2011/2010	428,234
Total 10.555			\$ 487,801
National school breakfast program	10.553	10.553/2011/2010	\$ 165,193
Total Child Nutrition Cluster			\$ 652,994
Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010111/0010110	\$ 258,075
ARRA - state administrative matching grants for the supplemental nutrition assistance program	10.561	0040111/0040110	8,638
Total SNAP Cluster			\$ 266,713
Total Department of Agriculture - pass-through payments			\$ 919,707
Total Department of Agriculture			\$ 6,398,290

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
U.S. fish and wildlife service	15.000	N/A	\$ 1,454
Payments in Lieu of Taxes	15.226	N/A	1,330
Total Department of Interior - direct			\$ 2,784
Department of Justice:			
Direct payments:			
Bulletproof vest partnership grant	16.607	N/A	\$ 2,400
Total Department of Justice			\$ 2,400
Department of Housing and Urban Development:			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
Community development block grant	14.228	53305-50790	\$ 3,000
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol traffic safety and drunk driving prevention incentive grants	20.601	60507-51241	\$ 9,722
State and community highway safety	20.600	60507-50201	9,834
Total Department of Transportation			\$ 19,556
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A Cluster:			
Title I grants to local educational agencies	84.010	S010A100046/ S010A090046	\$ 404,878
ARRA Title I grants to local educational agencies	84.389	S389A090046	176,540
Total Title I, Part A Cluster			\$ 581,418
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A100107	340,337
Special education - preschool grants	84.173	H173A100112	19,109
ARRA special education - grants to states	84.391	H391A090107	70,451
ARRA special education - preschool grants	84.392	H392A090112	6,647
Total Special Education Cluster (IDEA)			\$ 436,544
Education Technology State Grants Cluster:			
Education technology state grants	84.318	S318X090046	\$ 4,423
ARRA education technology state grants	84.386	S386A090046	9,326
Total Education Technology State Grants Cluster			\$ 13,749
Migrant education - state grant program	84.011	S011A090047	86,483
Career and technical education - basic grants to states	84.048	V048A100046	13,780
Migrant education - coordination program	84.144	S144F080047	1,748
Safe and drug-free schools and communities	84.186	Q186A090048	7,677
Twenty-First century community learning centers	84.287	S287C090047	213,001
Gaining early awareness and readiness for undergraduate programs	84.334	17117-2011	14,379
English language acquisition grants	84.365	S365A090046	17,934
Improving teacher quality state grants	84.367	S367A100044	127,066
ARRA state fiscal stabilization fund - education state grants	84.394	S394A090047	286,095
School improvement grants	84.377	S377A080047/ S377A090047	84,581
ARRA education jobs fund	84.410	S410A100047	335,741
Total Department of Education			\$ 2,220,196
Total Expenditures of Federal Awards			\$ 9,495,982

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2011

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Westmoreland, Virginia under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Westmoreland, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Westmoreland, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

(2) 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	\$ 1,144,209
Proprietary Funds:	
Washington District	1,128,915
Washington District - Rural Development Loan Proceeds	4,349,668 (1)
Total primary government	<u>\$ 6,622,792</u>

Component Unit Public Schools:

School Operating Fund	\$ 2,311,416
School Cafeteria Fund	655,868
Total component unit public schools	<u>\$ 2,967,284</u>

Total federal expenditures per basic financial
statements

\$ 9,590,076

Less: Interest Subsidy

\$ (94,094)

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 9,495,982

(1) Amount recorded as a current year increase to long-term obligations.

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) reported?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) reported?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010/84.389	Title I Part A cluster
10.760	Water and waste disposal systems for rural communities
10.561	SNAP cluster
84.410	ARRA education jobs fund
84.394	ARRA state fiscal stabilization fund - education state grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2011 (Continued)

Section II - Financial Statement Findings

2011-1 - Conflict of interest:

Condition:

A School Board employee was involved in the procurement of goods and services from a company which was owned by the employee. In addition, the company was not located during a search of the State Corporation Commission's online database.

Context:

Inquiries revealed that two payments were made to the company in question during fiscal year 2011 in the total amount of \$40,453.17. Also, it was noted that two payments totaling \$39,733.10 were made to the company in fiscal year 2010.

Criteria:

Code of Virginia section 2.2-3112 sets forth regulations concerning personal interest in transactions in which an officer or employee of any state or local governmental agency has a personal interest. Such persons shall disqualify themselves from participation in transactions in which the employee has a personal interest and shall not vote or in any manner act on behalf of their agency in the transaction.

Cause of Condition:

The School Board policy on Ethics in Public Contracting was not followed. This policy states that "No employee having official responsibility for a procurement transaction shall participate in that transaction on behalf of the school board when the employee knows that: the employee, the employee's partner, or any member of the employee's immediate family holds a position with a bidder, offeror or contractor such as officer, director, trustee, partner or the like, or is employed in a capacity involving personal and substantial participation in the procurement transaction, or owns or controls an interest of more than five percent."

Effect of Condition:

Goods and services were procured by an individual who had a conflict of interest between personal interest in the transactions and the best interests of the School Board.

Recommendation:

We recommend that controls be developed to ensure that requirements of the Code of Virginia as well as the local School Board policy on Ethics in Public Contracting are followed at all times.

Management's Response:

Employees participating in the procurement of goods and services on behalf of the School Board will be required to 1) complete a disclosure form listing any businesses in which they have a financial interest, 2) complete a training module addressing the school division's procurement ethics policies, and 3) certify that they have read and completed the training module on procurement ethics. In addition, a monthly report of new vendors, if any, utilized by the School Board and corresponding W-9s will be provided to the Superintendent for review and approval.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

COUNTY OF WESTMORELAND, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2011

There were no findings reported for the year ended June 30, 2010.