

COUNTY OF WESTMORELAND, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

COUNTY OF WESTMORELAND, VIRGINIA

BOARD OF SUPERVISORS

Darryl E. Fisher, Chairman

W.W. Hynson, Vice-Chairman

Dorothy Dickerson Tate

Rosemary M. Mahan

Larry Roberson

SCHOOL BOARD

Iris Lane, Chairman

Genard Reed, Vice-Chairman

Daniel Wallace
Coralynn Wise

Karen Jackson

BOARD OF SOCIAL SERVICES

Linda Crandell, Chairman

Leonard Perotti, Vice-Chairman

Kathryn Allen
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
Julia Sichol
Martha Wilkins
C.O. Balderson
Dr. Rebecca Lowry
Helen Wilkins Ball
Carol B. Gawn
Norm Risavi

COUNTY OF WESTMORELAND, VIRGINIA

Financial Report
Year Ended June 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	10
Exhibit 2 Statement of Activities	11-12
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	13
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	15
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Exhibit 7 Statement of Net Position—Proprietary Funds	17
Exhibit 8 Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds	18
Exhibit 9 Statement of Cash Flows—Proprietary Funds	19
Exhibit 10 Statement of Fiduciary Net Position — Fiduciary Funds	20
Notes to Financial Statements	21-68
<u>Required Supplementary Information:</u>	
Exhibit 11 General Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual	69
Exhibit 12 Schedule of Pension and OPEB Funding Progress	70

COUNTY OF WESTMORELAND, VIRGINIA

Financial Report
Year Ended June 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION: (Continued)	
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 13	Capital Projects Fund—Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual 71
Exhibit 14	Combining Balance Sheet—Nonmajor Governmental Funds 72
Exhibit 15	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds 73
Exhibit 16	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Debt Service Fund 74-75
Exhibit 17	Combining Statement of Fiduciary Net Position - Fiduciary Funds 76
Exhibit 18	Combining Statement of Changes in Assets and Liabilities - Agency Funds 77
Exhibit 19	Combining Balance Sheet - Discretely Presented Component Unit— School Board 78
Exhibit 20	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds—Discretely Presented Component Unit—School Board 79
Exhibit 21	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Discretely Presented Component Unit—School Board 80-81
Supporting Schedules:	
Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds 82-87
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds 88-92

COUNTY OF WESTMORELAND, VIRGINIA

Financial Report Year Ended June 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
<u>Statistical Information:</u>	
Table 1 Government-Wide Expenses by Function—Last Ten Fiscal Years	93
Table 2 Government-Wide Revenues—Last Ten Fiscal Years	94
Table 3 General Government Revenues by Source—Last Ten Fiscal Years	95
Table 4 General Government Expenditures by Function—Last Ten Fiscal Years	96
Table 5 Property Tax Levies and Collections—Last Ten Fiscal Years	97
Table 6 Assessed Value of Taxable Property—Last Ten Fiscal Years	98
Table 7 Property Tax Rates—Last Ten Fiscal Years	99
Table 8 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita—Last Ten Fiscal Years	100
Table 9 Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures—Last Ten Fiscal Years	101
 <u>Compliance:</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	102-103
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	104-105
Schedule of Expenditures of Federal Awards	106-107
Notes to Schedule of Expenditures of Federal Awards	108
Schedule of Findings and Questioned Costs	109-110
Summary Schedule of Prior Audit Findings	111

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, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Westmoreland, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Westmoreland, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Westmoreland, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension and OPEB funding progress on pages 4-9, 69, and 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Westmoreland, Virginia's basic financial statements. The other supplementary information and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2015, 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* in considering County of Westmoreland, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
March 2, 2015

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, 2014.

Financial Highlights

Government-wide Financial Statements

- On a government-wide basis for governmental activities, the assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$12,675,482 (net position). For business-type activities, assets and deferred outflows exceeded liabilities and deferred inflows by \$20,277,305.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures of \$391,144 (Exhibit 5) after making contributions totaling \$7,717,745 to the School Board.

- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of \$8,372,216 an increase of \$391,144 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,751,159 or 12% of total general fund expenditures.
- Combined long-term obligations for the governmental funds increased \$5,973,704 during the current fiscal year.

The Proprietary Funds, on an accrual basis, reported a decrease in net position of (\$752,727) (Exhibit 8).

- As of the close of the current fiscal year, the County's proprietary funds reported ending net position of \$20,277,305, an decrease (\$752,727).
- Combined long-term obligations in the proprietary funds decreased (\$159,554) 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 position presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the excess of assets and deferred outflows over liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, 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 position. 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 position may serve over time as a useful indicator of a County's financial position. In the case of the County's governmental activities, assets and deferred outflows exceeded liabilities and deferred inflows by \$12,675,482 at the close of the most recent fiscal year.

Summary Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 10,709,397	\$ 9,571,487	\$ 2,144,460	\$ 2,825,029	\$ 12,853,857	\$ 12,396,516
Capital assets	<u>17,198,773</u>	<u>10,823,836</u>	<u>28,341,938</u>	<u>28,546,117</u>	<u>45,540,711</u>	<u>39,369,953</u>
Total assets	<u>\$ 27,908,170</u>	<u>\$ 20,395,323</u>	<u>\$ 30,486,398</u>	<u>\$ 31,371,146</u>	<u>\$ 58,394,568</u>	<u>\$ 51,766,469</u>
Deferred outflows of resources	\$ <u>62,092</u>	\$ <u>74,510</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>62,092</u>	\$ <u>74,510</u>
Long-term liabilities	\$ 13,299,000	\$ 7,325,296	\$ 10,083,186	\$ 10,242,740	\$ 23,382,186	\$ 17,568,036
Current liabilities	<u>1,957,878</u>	<u>1,025,542</u>	<u>125,907</u>	<u>98,374</u>	<u>2,083,785</u>	<u>1,123,916</u>
Total liabilities	<u>\$ 15,256,878</u>	<u>\$ 8,350,838</u>	<u>\$ 10,209,093</u>	<u>\$ 10,341,114</u>	<u>\$ 25,465,971</u>	<u>\$ 18,691,952</u>
Deferred outflows of resources	\$ <u>37,902</u>	\$ <u>31,742</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>37,902</u>	\$ <u>31,742.00</u>
Net position:						
Net investment in capital assets	\$ 6,850,919	\$ 4,297,655	\$ 17,747,592	\$ 18,319,328	\$ 24,598,511	\$ 22,616,983
Restricted	49,152	-	538,620	527,749	587,772	527,749
Unrestricted	<u>5,775,411</u>	<u>7,789,598</u>	<u>1,991,093</u>	<u>2,182,955</u>	<u>7,766,504</u>	<u>9,972,553</u>
Total net position	<u>\$ 12,675,482</u>	<u>\$ 12,087,253</u>	<u>\$ 20,277,305</u>	<u>\$ 21,030,032</u>	<u>\$ 32,952,787</u>	<u>\$ 33,117,285</u>

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 \$6,850,919 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 position decreased by (\$164,498) during the current fiscal year.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities and business-type activities increased the County's net position by \$588,229 and (\$752,727) respectively. Key elements of this increase are as follows:

Summary Statement of Change in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 522,481	\$ 463,847	\$ 1,463,278	\$ 2,046,600	\$ 1,985,759	\$ 2,510,447
Operating grants and contributions	4,714,513	4,384,988	-	-	4,714,513	4,384,988
Capital grants and contributions	134,387	265,776	-	501,548	134,387	767,324
General revenues:						
General property taxes	15,063,143	14,656,404	-	-	15,063,143	14,656,404
Other local taxes	1,763,138	1,754,768	-	-	1,763,138	1,754,768
Grants and other contributions not restricted	1,917,397	1,912,759	-	-	1,917,397	1,912,759
Use of money and property	289,312	263,353	14,240	(1,747)	303,552	261,606
Gain / (loss) on disposal of capital assets	-	-	-	-	-	0
Miscellaneous	88,142	134,388	24,470	12,217	112,612	146,605
Total revenues	\$ 24,492,513	\$ 23,836,283	\$ 1,501,988	\$ 2,558,618	\$ 25,994,501	\$ 26,394,901
Expenses:						
General government administration	\$ 2,091,306	\$ 2,152,852	\$ -	\$ -	\$ 2,091,306	\$ 2,152,852
Judicial administration	853,373	867,013	-	-	853,373	867,013
Public safety	4,295,459	4,492,161	-	-	4,295,459	4,492,161
Public works	2,734,476	2,749,704	-	-	2,734,476	2,749,704
Health and welfare	4,114,348	3,679,109	-	-	4,114,348	3,679,109
Education	8,089,593	8,043,146	-	-	8,089,593	8,043,146
Parks, recreation, and cultural	669,700	656,184	-	-	669,700	656,184
Community development	751,081	620,719	-	-	751,081	620,719
Interest on long-term debt	367,852	223,313	-	-	367,852	223,313
Water and Sewer	-	-	2,191,811	1,955,002	2,191,811	1,955,002
Total expenses	\$ 23,967,188	\$ 23,484,201	\$ 2,191,811	\$ 1,955,002	\$ 26,158,999	\$ 25,439,203
Increase (decrease) in net position before transfers	\$ 525,325	\$ 352,082	\$ (689,823)	\$ 603,616	\$ (164,498)	\$ 955,698
Transfers	62,904	(43,062)	(62,904)	43,062	-	-
Increase in net position	\$ 588,229	\$ 309,020	\$ (752,727)	\$ 646,678	\$ (164,498)	\$ 955,698
Net position, July 1	12,087,253	11,778,233	21,030,032	20,383,354	33,117,285	32,161,587
Net position, June 30	\$ 12,675,482	\$ 12,087,253	\$ 20,277,305	\$ 21,030,032	\$ 32,952,787	\$ 33,117,285

Government-wide Financial Analysis: (Continued)

- The increase of \$391,144 in the governmental activities net position was largely attributable increases in revenues exceeding corresponding increases in expenses.
- Net position for business-type activities showed a decrease of (\$752,727) during fiscal year 2014. This decrease was primarily driven by a decrease in availability/connection/tap fees.

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 \$8,372,216 an increase of \$391,144 in comparison with the prior year. Approximately 45% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is nonspendable, 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 consists of the Water and Sewer Fund. The proprietary funds reflected a combined decrease in net position of (\$752,727).

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$9,300,468 in expenditures and can be briefly summarized as follows:

- \$147,248 in increases for general government administration
- \$29,378 in increases for judicial administration
- \$606,680 in increases for public safety
- \$406,896 in increases for public works
- \$708,900 in increases for health and welfare
- \$6,970,453 in increases for capital projects
- \$430,913 in other increases

Of this increase, \$776,285 was to be funded from intergovernmental revenues. The remaining \$8,524,183 was to be budgeted from available fund balance and other revenue increases. During the year, however, expenditures were less than budgetary estimates by \$3,116,369 thus eliminating the need to draw upon all of the \$2,429,370 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, 2014 amounts to \$17,198,773 (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 \$28,341,938 as of June 30, 2014. This investment includes land, water systems, sewer systems, 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 obligations outstanding of \$13,299,000 for its governmental operations. Of this amount \$4,584,801 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations \$8,714,199 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). Business-type debt is comprised of \$9,968,133 bonds secured solely by water and sewer revenues, \$98,464 treatment plant upgrade and compensated absences of \$16,589.

The County's total debt outstanding increased by \$5,814,150 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 6.1 percent, which is a decrease from a rate of 6.3 percent a year ago. This is slightly higher than the state's average unemployment rate of 4.8 percent and compares favorably to the national average rate of 5.6 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 2015 fiscal year.

The fiscal year 2015 general fund budget amounted to \$27,092,490.

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

Government-wide Financial Statements

Statement of Net Position
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ -	\$ 176,824	\$ 176,824	\$ 2,850,128
Investments	8,531,293	1,873,897	10,405,190	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	533,892	-	533,892	-
Accounts receivable	67,484	82,868	150,352	15,753
Due from component unit	543,829	-	543,829	-
Due from other governmental units	983,747	-	983,747	541,621
Restricted assets:				
Cash and investments	49,152	538,620	587,772	-
Capital assets (net of accumulated depreciation):				
Land	378,301	427,377	805,678	258,916
Buildings and system	5,579,760	25,847,777	31,427,537	6,697,274
Machinery and equipment	1,036,957	31,870	1,068,827	1,069,788
Intangible assets	-	1,058,189	1,058,189	-
Construction in progress	10,203,755	448,976	10,652,731	-
Total assets	\$ 27,908,170	\$ 30,486,398	\$ 58,394,568	\$ 11,433,480
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ 62,092	\$ -	\$ 62,092	\$ -
LIABILITIES				
Reconciled overdraft	\$ 234,881	\$ -	\$ 234,881	\$ -
Accounts payable	930,534	109,944	1,040,478	166,986
Accrued liabilities	-	-	-	1,687,634
Retainage payable	480,911	-	480,911	-
Customers' deposits	-	35	35	-
Accrued interest payable	121,738	15,928	137,666	33,009
Due to primary government	-	-	-	543,829
Due to other governmental units	38,381	-	38,381	83,264
Unearned revenue	151,433	-	151,433	-
Long-term liabilities:				
Due within one year	686,540	167,739	854,279	163,762
Due in more than one year	12,612,460	9,915,447	22,527,907	3,154,630
Total liabilities	\$ 15,256,878	\$ 10,209,093	\$ 25,465,971	\$ 5,833,114
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 37,902	\$ -	\$ 37,902	\$ -
NET POSITION				
Net Investment in capital assets	\$ 6,850,919	\$ 17,747,592	\$ 24,598,511	\$ 6,461,579
Restricted:				
Debt service and bond covenants	49,152	538,620	587,772	-
Unrestricted (deficit)	5,775,411	1,991,093	7,766,504	(861,213)
Total net position	\$ 12,675,482	\$ 20,277,305	\$ 32,952,787	\$ 5,600,366

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, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,091,306	\$ -	\$ 227,896	\$ -
Judicial administration	853,373	197,187	452,127	-
Public safety	4,295,459	36,534	1,398,136	-
Public works	2,734,476	279,500	8,942	134,387
Health and welfare	4,114,348	4,160	2,622,620	-
Education	8,089,593	-	-	-
Parks, recreation, and cultural	669,700	-	-	-
Community development	751,081	5,100	4,792	-
Interest on long-term debt	367,852	-	-	-
Total governmental activities	\$ 23,967,188	\$ 522,481	\$ 4,714,513	\$ 134,387
Business-type activities:				
Water and sewer	\$ 2,191,811	\$ 1,463,278	\$ -	\$ -
Total business-type activities	\$ 2,191,811	\$ 1,463,278	\$ -	\$ -
Total primary government	\$ 26,158,999	\$ 1,985,759	\$ 4,714,513	\$ 134,387
COMPONENT UNIT:				
School Board	\$ 18,721,612	\$ 215,986	\$ 10,017,936	\$ 185,294

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
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position - beginning, as restated
- Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (1,863,410)		\$ (1,863,410)	
(204,059)		(204,059)	
(2,860,789)		(2,860,789)	
(2,311,647)		(2,311,647)	
(1,487,568)		(1,487,568)	
(8,089,593)		(8,089,593)	
(669,700)		(669,700)	
(741,189)		(741,189)	
(367,852)		(367,852)	
<u>\$ (18,595,807)</u>		<u>\$ (18,595,807)</u>	
	\$ (728,533)	\$ (728,533)	
	<u>\$ (728,533)</u>	<u>\$ (728,533)</u>	
	<u>\$ (728,533)</u>	<u>\$ (19,324,340)</u>	
			\$ <u>(8,302,396)</u>
\$ 15,063,143	\$ -	\$ 15,063,143	\$ -
689,116	-	689,116	-
327,860	-	327,860	-
516,053	-	516,053	-
169,186	-	169,186	-
60,923	-	60,923	-
289,312	14,240	303,552	29,238
88,142	24,470	112,612	188,061
-	-	-	7,974,201
1,917,397	-	1,917,397	-
62,904	(62,904)	-	-
<u>\$ 19,184,036</u>	<u>\$ (24,194)</u>	<u>\$ 19,159,842</u>	<u>\$ 8,191,500</u>
588,229	(752,727)	(164,498)	(110,896)
12,087,253	21,030,032	33,117,285	5,711,262
<u>\$ 12,675,482</u>	<u>\$ 20,277,305</u>	<u>\$ 32,952,787</u>	<u>\$ 5,600,366</u>

Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2014

	General	General Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 14,882	\$ 250,566	\$ 265,448
Investments	7,371,928	1,065,009	94,356	8,531,293
Receivables (net of allowance for uncollectibles):				
Taxes receivable	533,892	-	-	533,892
Accounts receivable	56,290	-	11,194	67,484
Due from component unit	543,829	-	-	543,829
Due from other governmental units	850,634	-	133,113	983,747
Restricted assets:				
Investments	-	-	49,152	49,152
Total assets	<u>\$ 9,356,573</u>	<u>\$ 1,079,891</u>	<u>\$ 538,381</u>	<u>\$ 10,974,845</u>
LIABILITIES				
Reconciled overdraft	\$ 500,329	\$ -	\$ -	\$ 500,329
Accounts payable	795,077	-	135,457	930,534
Retainage payable	431,457	-	49,454	480,911
Due to other governmental units	38,381	-	-	38,381
Unearned revenue	151,433	-	-	151,433
Total liabilities	<u>\$ 1,916,677</u>	<u>\$ -</u>	<u>\$ 184,911</u>	<u>\$ 2,101,588</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 501,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 501,041</u>
Fund balances:				
Restricted	\$ 1,163,245	\$ -	\$ -	\$ 1,163,245
Committed	347,647	-	353,470	701,117
Assigned	1,676,804	1,079,891	-	2,756,695
Unassigned	3,751,159	-	-	3,751,159
Total fund balances	<u>\$ 6,938,855</u>	<u>\$ 1,079,891</u>	<u>\$ 353,470</u>	<u>\$ 8,372,216</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,356,573</u>	<u>\$ 1,079,891</u>	<u>\$ 538,381</u>	<u>\$ 10,974,845</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 8,372,216
--	--------------

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

Land	\$ 378,301	
Construction in progress	10,203,755	
Buildings and improvements, net of depreciation	5,579,760	
Machinery and equipment, net of depreciation	<u>1,036,957</u>	17,198,773

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	463,139
--	---------

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 payable	\$ (121,738)	
Bonds and notes payable	(11,383,945)	
Deferred charge on refunding	62,092	
Net OPEB obligation	(75,321)	
Compensated absences	(504,198)	
Capital leases	(192,291)	
Landfill closure/post-closure liability	<u>(1,143,245)</u>	<u>(13,358,646)</u>

Net position of governmental activities	\$ <u><u>12,675,482</u></u>
---	-----------------------------

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, 2014

	General	General Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 15,134,125	\$ -	\$ 53,327	\$ 15,187,452
Other local taxes	1,763,138	-	-	1,763,138
Permits, privilege fees, and regulatory licenses	207,342	-	-	207,342
Fines and forfeitures	160,108	-	-	160,108
Revenue from the use of money and property	118,967	9,253	161,092	289,312
Charges for services	90,131	-	64,900	155,031
Miscellaneous	88,142	-	-	88,142
Recovered costs	983,803	-	-	983,803
Intergovernmental:				
Commonwealth	5,569,511	-	-	5,569,511
Federal	1,196,786	-	-	1,196,786
Total revenues	\$ 25,312,053	\$ 9,253	\$ 279,319	\$ 25,600,625
EXPENDITURES				
Current:				
General government administration	\$ 2,140,152	\$ -	\$ -	\$ 2,140,152
Judicial administration	872,665	-	-	872,665
Public safety	5,065,920	-	-	5,065,920
Public works	2,545,023	-	-	2,545,023
Health and welfare	3,983,488	-	-	3,983,488
Education	7,727,392	-	-	7,727,392
Parks, recreation, and cultural	432,431	-	-	432,431
Community development	558,998	-	48,412	607,410
Nondepartmental	176,650	-	-	176,650
Capital projects	6,675,948	121,887	588,537	7,386,372
Debt service:				
Principal retirement	408,470	62,385	154,985	625,840
Interest and other fiscal charges	233,912	15,394	38,707	288,013
Total expenditures	\$ 30,821,049	\$ 199,666	\$ 830,641	\$ 31,851,356
Excess (deficiency) of revenues over (under) expenditures	\$ (5,508,996)	\$ (190,413)	\$ (551,322)	\$ (6,250,731)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 63,912	\$ 77,779	\$ -	\$ 141,691
Transfers out	(77,779)	-	(1,008)	(78,787)
Issuance of bonds	5,951,719	-	627,252	6,578,971
Total other financing sources (uses)	\$ 5,937,852	\$ 77,779	\$ 626,244	\$ 6,641,875
Net change in fund balances	\$ 428,856	\$ (112,634)	\$ 74,922	\$ 391,144
Fund balances - beginning	6,509,999	1,192,525	278,548	7,981,072
Fund balances - ending	\$ 6,938,855	\$ 1,079,891	\$ 353,470	\$ 8,372,216

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, 2014

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

Net change in fund balances - total governmental funds	\$	391,144
--	----	---------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	7,323,250	
Depreciation expense		<u>(691,857)</u>	6,631,393
Transfer of joint tenancy assets from Primary Government to the Component Unit			(256,456)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(124,309)
--	-----------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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 closure/post-closure liability	\$	(1,978)	
Issuance of bonds		(6,578,971)	
Lease revenue bonds		217,370	
Deferred charge on refunding		(12,418)	
General obligation bonds		115,000	
State literary fund loans		249,000	
Capital leases		<u>44,470</u>	(5,967,527)

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	\$	16,626	
Net OPEB obligation		(35,221)	
Accrued interest payable		<u>(67,421)</u>	<u>(86,016)</u>
Change in net position of governmental activities			<u>\$ 588,229</u>

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

Statement of Net Position
 Proprietary Funds
 June 30, 2014

	Enterprise Fund
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 176,824
Investments	1,873,897
Accounts receivable, net of allowance for uncollectibles	82,868
Total current assets	\$ 2,133,589
Noncurrent assets:	
Restricted assets:	
Cash and investments	\$ 538,620
Total restricted assets	\$ 538,620
Capital assets:	
Land - Sewer	\$ 427,377
Buildings and system - Sewer	30,819,868
Buildings and system - Water	1,183,857
Machinery and equipment - Sewer	142,958
Intangible assets - Sewer	1,209,113
Accumulated depreciation - Sewer	(5,760,140)
Accumulated depreciation - Water	(657,820)
Construction in progress - Sewer	448,976
Total net capital assets	\$ 27,814,189
Total noncurrent assets	\$ 28,352,809
Total assets	\$ 30,486,398
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 109,944
Customers' deposits	35
Accrued interest payable	15,928
Compensated absences - current portion	1,659
Sewer treatment plant agreement - current portion	6,319
Bonds payable - Sewer - current portion	154,708
Bonds payable - Water - current portion	5,053
Total current liabilities	\$ 293,646
Noncurrent liabilities:	
Bonds payable - Sewer - net of current portion	\$ 9,550,089
Bonds payable - Water - net of current portion	258,283
Sewer treatment plant agreement - noncurrent portion	92,145
Compensated absences - net of current portion	14,930
Total noncurrent liabilities	\$ 9,915,447
Total liabilities	\$ 10,209,093
NET POSITION	
Net investment in capital assets	\$ 17,747,592
Restricted for debt service and bond covenants	538,620
Unrestricted	1,991,093
Total net position	\$ 20,277,305

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2014

	Enterprise Fund
	Water and Sewer Fund
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 36,306
Sewer revenues	1,242,007
Other revenues - sewer	6,000
Total operating revenues	<u>\$ 1,284,313</u>
OPERATING EXPENSES	
Water	\$ 20,780
Sewer	755,299
Other expenses	11,516
Depreciation - water	47,354
Depreciation - sewer	972,349
Total operating expenses	<u>\$ 1,807,298</u>
Operating income (loss)	<u>\$ (522,985)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 14,240
Availability/connection/tap fees - sewer	178,965
Interest expense - water	(11,958)
Interest expense - sewer	(372,555)
Other nonoperating item - water	4,089
Other nonoperating item - sewer	20,381
Total nonoperating revenues (expenses)	<u>\$ (166,838)</u>
Income before contributions and transfers	<u>\$ (689,823)</u>
Transfers:	
Transfers out	<u>\$ (62,904)</u>
Change in net position	\$ (752,727)
Total net position - beginning	21,030,032
Total net position - ending	<u><u>\$ 20,277,305</u></u>

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, 2014

	<u>Enterprise Funds</u> Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,297,210
Payments to suppliers	(526,503)
Payments to and for employees	(232,687)
Net cash provided by (used for) operating activities	<u>\$ 538,020</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>\$ (62,904)</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ (62,904)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (287,775)
Principal payments on bonds	(153,873)
Principal payments on treatment plant agreement	(6,319)
Interest payments	(384,747)
Availability/connection fees	178,965
Other	24,470
Net cash provided by (used for) capital and related financing activities	<u>\$ (629,279)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (purchase) of investments	\$ (95,299)
Interest income	14,240
Net cash provided by (used for) investing activities	<u>\$ (81,059)</u>
Net increase (decrease) in cash and cash equivalents	\$ (235,222)
Cash and cash equivalents - beginning	412,046
Cash and cash equivalents - ending	<u><u>\$ 176,824</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (522,985)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 1,019,703
(Increase) decrease in accounts receivable	12,897
Increase (decrease) in accounts payable	27,767
Increase (decrease) in compensated absences	638
Total adjustments	<u>\$ 1,061,005</u>
Net cash provided by (used for) operating activities	<u><u>\$ 538,020</u></u>

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>152,765</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 57,431
Amounts held for social services clients	14,060
Amounts held for alternative education program	<u>81,274</u>
Total liabilities	\$ <u>152,765</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, 2014

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 accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. 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 Position: The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component unit. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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 unit, entity 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 Financial 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 Financial 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, 2014 (Continued)

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

A. Financial Reporting Entity (Continued)

Exclusions from the Financial 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 \$399,979 in operating funds to the Library in 2014.

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, 2014.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

A. Financial Reporting Entity (Continued)

Exclusions from the Financial 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 \$112,264 to the Middle Peninsula Juvenile Detention Commission for the fiscal year ended June 30, 2014.

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 Position, 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.

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (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'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 2014.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

1. Governmental Funds:

Governmental Funds account for and report 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 Debt Service Fund is the only debt service fund. The A.T. Johnson Debt Service Fund is a nonmajor fund.
- c. Special Revenue Funds - 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. The only special revenue fund is the Placid Bay Sanitary District Fund. The Placid Bay Sanitary District Fund is a nonmajor fund.
- d. 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 Funds - Enterprise 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 and Sewer Fund - This fund accounts for income and expenses of the Rt. 3 Corridor, water services, Montross Sewer, Washington District sewer service and the Coles Point Sewer Service.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

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.
- Adult Education Program 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.

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 and reports 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 Funds - 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.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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 position 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 position or on the statement of fiduciary net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The statement of net position, 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.

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.

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

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, 2014 (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, 2014, 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. Cash and Cash Equivalents

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

F. Investments

Investments are reported at fair value.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

G. 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 \$205,637 at June 30, 2014 and is comprised of the following:

General Fund--taxes receivable	\$ 205,637
--------------------------------	------------

H. Prepaid Items

Prepaid items are reported on the consumption method.

I. 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 and the asset has an estimated life in excess of two years. 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 and the asset has an estimated life in excess of two years, 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 2014.

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes prior to June 30, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount become available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

K. 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.

L. 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.

M. Long-Term Obligations

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

N. Net Position

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

O. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

P. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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.

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.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

P. Fund Equity: (Continued)

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	Other Governmental Funds	Total
Fund Balances:				
Restricted:				
Post closure	\$ 1,143,245	\$ -	\$ -	\$ 1,143,245
Underground tanks	20,000	-	-	20,000
Total Restricted Fund Balance	<u>\$ 1,163,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,163,245</u>
Committed:				
Debt service	\$ -	\$ -	\$ 143,669	\$ 143,669
Placid bay sanitary district	-	-	209,801	209,801
Land purchase	313,814	-	-	313,814
Other purposes	33,833	-	-	33,833
Total Committed Fund Balance	<u>\$ 347,647</u>	<u>\$ -</u>	<u>\$ 353,470</u>	<u>\$ 701,117</u>
Assigned:				
Judicial center	\$ 436,218	\$ 1,079,891	\$ -	\$ 1,516,109
Fire and rescue	277,990	-	-	277,990
General properties	364,243	-	-	364,243
Tourism	82,365	-	-	82,365
Courthouse debt service	84,375	-	-	84,375
Other purposes	431,613	-	-	431,613
Total Assigned Fund Balance	<u>\$ 1,676,804</u>	<u>\$ 1,079,891</u>	<u>\$ -</u>	<u>\$ 2,756,695</u>
Unassigned	<u>\$ 3,751,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,751,159</u>
Total Fund Balances	<u><u>\$ 6,938,855</u></u>	<u><u>\$ 1,079,891</u></u>	<u><u>\$ 353,470</u></u>	<u><u>\$ 8,372,216</u></u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (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, 2014 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, 2014 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					
	AAA _m	+	AA ₊	AA	A ₊	A ₋
U.S. Agencies	\$ -	\$	1,531,246	\$ -	\$ -	\$ -
U.S. Treasuries	-		6,210,373	-	-	-
Corporate Debt	-		-	459,661	305,150	478,932
Money Market Mutual Fund	1,957,929		-	-	-	-
Total	\$ 1,957,929	\$	7,741,619	\$ 459,661	\$ 305,150	\$ 478,932

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.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

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	6-10 Years
U.S. Treasuries	\$ 6,210,373	\$ 970,511	\$ 4,489,844	\$ 750,018
U.S. Agencies	1,531,246	1,074,802	456,444	-
Corporate Bonds	1,243,743	938,053	305,690	-
Total	\$ 8,985,362	\$ 2,983,366	\$ 5,251,978	\$ 750,018

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 2013 were levied by the County Board of Supervisors on May 1, 2013, on the assessed value listed as of January 1, 2013.

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.

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 3 - PROPERTY TAXES: (CONTINUED)

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 2012 the rates per \$100 of assessed value were as follows:

	Colonial Beach	Placid Bay Sanitary District	All Other
Real Estate	0.29	0.06	0.48
Personal Property	1.61	N/A	3.00
Machinery and Tools	1.50	N/A	1.50
Merchants Capital	0.22	N/A	0.46

NOTE 4 - RECEIVABLES:

Accounts Receivable:

Receivables at June 30, 2014 consist of the following:

	Primary Government Governmental Activities			Business- type Activities	Component Unit School Board
	General	Other Governmental	Total		
Property taxes	\$ 739,529	\$ -	\$ 739,529	\$ -	\$ -
Utility taxes	27,115	-	27,115	-	-
Water and sewer charges	-	-	-	82,868	-
Other	29,175	11,194	40,369	-	15,753
Total	\$ 795,819	\$ 11,194	\$ 807,013	\$ 82,868	\$ 15,753
Allowance for uncollectibles	(205,637)	-	(205,637)	-	-
Net receivables	\$ 590,182	\$ 11,194	\$ 601,376	\$ 82,868	\$ 15,753

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2014:

	<u>Governmental Activities</u>	<u>Component Unit</u>
	<u>General</u>	<u>School Board</u>
Commonwealth of Virginia:		
Local sales taxes	\$ 168,413	\$ -
Communication taxes	107,873	-
State sales taxes	-	402,049
Social Services	152,333	-
Comprehensive Services Act	204,624	-
Shared expenses and grants	137,966	-
Rural development loan funds	159,857	-
Other	52,681	-
Federal pass-through school funds	-	139,572
Total	<u>\$ 983,747</u>	<u>\$ 541,621</u>

NOTE 6 - INTERFUND BALANCES AND TRANSFERS:**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	\$ 77,779
Transfers to the General Fund to reimburse shared costs	<u>63,912</u>
Total transfers	<u>\$ 141,691</u>
Reconciliation of transfers:	
Transfers in - governmental funds	<u>\$ 141,691</u>
Total transfers	<u>\$ 141,691</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 7 - DUE TO OTHER GOVERNMENTAL UNITS:

At June 30, 2014:

	<u>Governmental Activities General</u>	<u>Component Unit School Board</u>
Town of Colonial Beach:		
Sales tax	\$ 34,878	\$ 83,264
Town of Montross:		
Sales tax	<u>3,503</u>	<u>-</u>
Total	<u>\$ 38,381</u>	<u>\$ 83,264</u>

NOTE 8 - CAPITAL ASSETS:

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

Primary Government:

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 378,301	\$ -	\$ -	\$ 378,301
Construction in Progress	<u>3,844,545</u>	<u>6,930,610</u>	<u>571,400</u>	<u>10,203,755</u>
Total capital assets not being depreciated	<u>\$ 4,222,846</u>	<u>\$ 6,930,610</u>	<u>\$ 571,400</u>	<u>\$ 10,582,056</u>
Other capital assets:				
Buildings and improvements	\$ 8,165,661	\$ 704,788	\$ -	\$ 8,870,449
Machinery, equipment and vehicles	3,270,322	259,252	89,986	3,439,588
Jointly owned assets	<u>3,033,746</u>	<u>-</u>	<u>364,000</u>	<u>2,669,746</u>
Total other capital assets	<u>\$ 14,469,729</u>	<u>\$ 964,040</u>	<u>\$ 453,986</u>	<u>\$ 14,979,783</u>
Accumulated depreciation:				
Buildings and improvements	\$ 5,015,389	\$ 325,324	\$ -	\$ 5,340,713
Machinery, equipment and vehicles	2,230,703	261,914	89,986	2,402,631
Jointly owned assets	<u>622,647</u>	<u>104,619</u>	<u>107,544</u>	<u>619,722</u>
Total accumulated depreciation	<u>\$ 7,868,739</u>	<u>\$ 691,857</u>	<u>\$ 197,530</u>	<u>\$ 8,363,066</u>
Other capital assets, net	<u>\$ 6,600,990</u>	<u>\$ 272,183</u>	<u>\$ 256,456</u>	<u>\$ 6,616,717</u>
Net capital assets	<u>\$ 10,823,836</u>	<u>\$ 7,202,793</u>	<u>\$ 827,856</u>	<u>\$ 17,198,773</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 8 - CAPITAL ASSETS: (Continued)

Primary Government: (Continued)

Depreciation is allocated to:

General government administration	\$ 152,802
Judicial administration	7,796
Public safety	144,876
Health and welfare	99,526
Education	105,745
Public works	35,780
Parks and recreation	132,082
Community Development	<u>13,250</u>

Total	\$ <u><u>691,857</u></u>
-------	--------------------------

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 427,377	\$ -	\$ -	\$ 427,377
Construction in progress	<u>328,158</u>	<u>120,818</u>	<u>-</u>	<u>448,976</u>
Total capital assets not being depreciated	\$ <u>755,535</u>	\$ <u>120,818</u>	\$ <u>-</u>	\$ <u>876,353</u>
Other capital assets:				
Buildings and systems	\$ 31,852,780	\$ 150,945	\$ -	\$ 32,003,725
Intangible assets	1,209,113	-	-	1,209,113
Machinery and equipment	<u>126,946</u>	<u>16,012</u>	<u>-</u>	<u>142,958</u>
Total other capital assets	\$ <u>33,188,839</u>	\$ <u>166,957</u>	\$ <u>-</u>	\$ <u>33,355,796</u>
Accumulated depreciation:				
Buildings and systems	\$ 5,190,813	\$ 965,135	\$ -	\$ 6,155,948
Intangible assets	114,337	36,587	-	150,924
Machinery and equipment	<u>93,107</u>	<u>17,981</u>	<u>-</u>	<u>111,088</u>
Total accumulated depreciation	\$ <u>5,398,257</u>	\$ <u>1,019,703</u>	\$ <u>-</u>	\$ <u>6,417,960</u>
Other capital assets, net	\$ <u>27,790,582</u>	\$ <u>(852,746)</u>	\$ <u>-</u>	\$ <u>26,937,836</u>
Net capital assets	\$ <u><u>28,546,117</u></u>	\$ <u><u>(731,928)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>27,814,189</u></u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 8 - CAPITAL ASSETS: (Continued)

Component Unit-School Board:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 258,916	\$ -	\$ -	\$ 258,916
Other capital assets:				
Buildings	\$ 8,707,916	\$ -	\$ -	\$ 8,707,916
Machinery, equipment and vehicles	3,953,528	23,018	-	3,976,546
Jointly owned assets	7,235,000	364,000	-	7,599,000
Total other capital assets	\$ 19,896,444	\$ 387,018	\$ -	\$ 20,283,462
Accumulated depreciation:				
Buildings	\$ 7,307,468	\$ 581,181	\$ -	\$ 7,888,649
Machinery, equipment and vehicles	2,850,987	55,771	-	2,906,758
Jointly owned assets	1,613,449	107,544	-	1,720,993
Total accumulated depreciation	\$ 11,771,904	\$ 744,496	\$ -	\$ 12,516,400
Other capital assets, net	\$ 8,124,540	\$ (357,478)	\$ -	\$ 7,767,062
Net capital assets	\$ 8,383,456	\$ (357,478)	\$ -	\$ 8,025,978
Depreciation is allocated to education		\$ 636,952		
Depreciation expense		\$ 636,952		
Transfer of accumulated depreciation on jointly owned assets		107,544		
Total increases in accumulated depreciation above		\$ 744,496		

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, 2014, is that school financed assets in the amount of \$2,669,746 are reported in the Primary Government for financial reporting purposes.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 9 - 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 Pension Plan
Administering Entity: Virginia Retirement System (System)

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

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

1. **Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

NOTE 9 - PENSION PLAN: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

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

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

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 9 - PENSION PLAN: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

13. Cost of Living Adjustment (COLA) in Retirement - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

14. Eligibility - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

15. Exceptions to COLA Effective Dates - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.1% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

NOTE 9 - PENSION PLAN: (Continued)

A. Plan Description: (Continued)

VRS – PLAN 1 (CONTINUED)

- 17. Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

- 1. Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

- 4. Retirement Contributions** - Same as VRS Plan 1—Refer to Section 4.
- 5. Creditable Service** - Same as VRS Plan 1— Refer to Section 5.
- 6. Vesting** - Same as VRS Plan 1—Refer to Section 6.
- 7. Calculating the Benefit** - Same as VRS Plan 1—Refer to Section 7.
- 8. Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

9. Service Retirement Multiplier - Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

10. Normal Retirement Age - Normal Social Security retirement age.

11. Earliest Unreduced Retirement Eligibility - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. Earliest Reduced Retirement Eligibility - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

13. Cost-of-Living Adjustment (COLA) in Retirement - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

14. Eligibility - Same as VRS Plan 1—Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1—Refer to Section 15.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - Same as VRS Plan 1—Refer to Section 17.

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN

1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014
3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement
 - Members of the State Police Officers’ Retirement System (SPORS)
 - Members of the Virginia Law Officers’ Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. **Creditable Service**

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. **Vesting**

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

6. Vesting (Continued)

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

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

Distribution is not required by law until age 70½.

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

8. Average Final Compensation - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its 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 Board's contribution rates for the fiscal year ended 2014 were 13.55% and 10.58% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$990,789, \$961,960, and \$501,935 to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% respectively, of current covered payroll.

C. Annual Pension Cost:

For fiscal year 2014, the County's annual pension cost of \$667,591 was equal to the County's required and actual contributions.

Three-Year Trend Information - County			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 483,488	100%	-
June 30, 2013	637,078	100%	-
June 30, 2014	667,591	100%	-

For fiscal year 2014, the School Board's annual pension cost for the School Board's non-professional employees was \$76,907 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) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 75,402	100%	-
June 30, 2013	88,601	100%	-
June 30, 2014	76,907	100%	-

(1) Employer contribution only

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

C. Annual Pension Cost: (Continued)

The FY2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% for teachers 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 for Plan 1 employees and 2.25% for Plan 2 employees. 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 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 projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the unfunded actuarial accrued liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 75.50% funded. The actuarial accrued liability for benefits was \$21,619,087, and the actuarial value of assets was \$16,322,199 resulting in an unfunded actuarial accrued liability (UAAL) of \$5,296,888. The covered payroll (annual payroll of active employees covered by the plan) was \$4,720,079 and ratio of the UAAL to the covered payroll was 112.22%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 82.04% funded. The actuarial accrued liability for benefits was \$3,703,226, and the actuarial value of assets was \$3,038,082, resulting in an unfunded actuarial accrued liability (UAAL) of \$665,144. The covered payroll (annual payroll of active employees covered by the plan) was \$833,222, and ratio of the UAAL to the covered payroll was 79.83%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) 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 - COMPENSATED ABSENCES:

In accordance with GASB Statement 16 "*Accounting for Compensated Absences*," the County and its component unit have accrued the liability arising from all outstanding 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, 2014 (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, 2014:

	July 1, 2013 As Restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2014
Long-term obligations from governmental activities:				
Lease revenue bonds	\$ 2,352,598	\$ 6,578,971	\$ 217,370	\$ 8,714,199
Capital leases	236,761	-	44,470	192,291
General obligation bonds:				
School	1,630,000	-	115,000	1,515,000
State Literary Fund loans:				
School	1,403,746	-	249,000	1,154,746
Landfill closure/post-closure liability	1,141,267	1,978	-	1,143,245
Net OPEB obligation	40,100	42,321	7,100	75,321
Compensated absences	520,824	-	16,626	504,198
Total from governmental activities	\$ 7,325,296	\$ 6,623,270	\$ 649,566	\$ 13,299,000
Long-term obligations from business-type activities:				
Virginia Resources Authority lease revenue bonds	\$ 10,122,006	\$ -	\$ 153,873	\$ 9,968,133
Treatment plant upgrade agreement	104,783	-	6,319	98,464
Compensated absences	15,951	638	-	16,589
Total from business-type activities	\$ 10,242,740	\$ 638	\$ 160,192	\$ 10,083,186
Long-term obligations from component unit:				
Retirement incentive obligation	\$ 100,754	\$ -	\$ 100,754	\$ -
Capital lease	1,704,649	-	140,250	1,564,399
Net OPEB obligation	1,534,303	105,167	60,800	1,578,670
Compensated absences	164,293	11,030	-	175,323
Total from component unit	\$ 3,503,999	\$ 116,197	\$ 301,804	\$ 3,318,392
Total long-term obligations	\$ 21,072,035	\$ 6,740,105	\$ 1,111,562	\$ 26,700,578
Reconciliation to Exhibit 1:				
Primary Government				
Long-term liabilities due within one year				\$ 854,279
Long-term liabilities due in more than one year				22,527,907
Component Unit				
Long-term liabilities due within one year				163,762
Long-term liabilities due in more than one year				3,154,630
Total long-term obligations				\$ 26,700,578

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (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>
2015	\$ 948,430	\$ 634,476
2016	974,564	604,822
2017	995,829	574,145
2018	1,016,028	542,640
2019	905,860	510,294
2020-2024	2,421,619	2,250,320
2025-2029	1,651,671	1,747,639
2030-2034	1,529,473	1,167,313
2035-2039	1,849,601	843,499
2040-2044	1,993,529	459,260
2045-2049	1,322,615	130,973
2050	112,196	1,295
Total	\$ <u>15,721,415</u>	\$ <u>9,466,676</u>

Note: The above includes all long-term bonds, capital leases, treatment plant upgrade agreement, and early retirement incentive obligation. Compensated absences, Net OPEB obligation and landfill closure/postclosure liability are not included. The \$7,500,000 and \$1,031,000 revenue bonds will be included once all proceeds have been drawn by the County.

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities:</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%.	\$ 1,228,382	\$ 226,253
\$7,500,000 lease revenue bonds, payable in monthly installments of \$28,125 through March 11, 2053, interest payable at 3.125%. Proceeds in the amount of \$6,858,565 have been drawn as of June 30, 2014.	6,858,565	-
\$1,031,000 lease revenue bonds, payable in monthly installments of \$4,096 through December 28, 2053, interest payable at 3.5%. Proceeds in the amount of \$627,252 have been drawn as of June 30, 2014.	<u>627,252</u>	<u>-</u>
Total lease revenue bonds	\$ <u>8,714,199</u>	\$ <u>226,253</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (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%.	\$ 136,835	\$ 34,000
\$992,911, issued July 25, 1996, due in annual installments of \$50,000 through May 15, 2015, interest payable annually at 3%.	192,911	50,000
\$3,300,000, issued November 15, 1997, due in annual installments of \$165,000 through November 15, 2019, interest at 3%.	<u>825,000</u>	<u>165,000</u>
Total State Literary Fund Loans	\$ <u>1,154,746</u>	\$ <u>249,000</u>
<u>Capital Leases:</u>		
The County purchased radio equipment under capital lease agreements. Title to the equipment passes to the entity upon completion of payment of the minimum lease payments. The lease is due in annual installments of \$51,905 from April 1, 2014 to April 1, 2018, interest payable at 3.14%.	\$ <u>192,291</u>	\$ <u>45,867</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>1,515,000</u>	\$ <u>115,000</u>
<u>Landfill closure and post-closure care monitoring liability</u>	\$ <u>1,143,245</u>	\$ <u>-</u>
<u>Compensated absences (payable from general fund)</u>	\$ <u>504,198</u>	\$ <u>50,420</u>
<u>Net OPEB obligation</u>	\$ <u>75,321</u>	\$ <u>-</u>
Total long-term obligations from governmental activities	<u>\$ 13,299,000</u>	<u>\$ 686,540</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (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:</u>		
<u>Lease Revenue Bonds:</u>		
\$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.	\$ 263,336	\$ 5,053
\$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.	1,014,489	22,795
\$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.	531,590	9,819
\$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.	342,292	5,371
\$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.	270,049	4,327
\$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.	1,074,130	17,301
\$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.	\$ 938,139	\$ 12,030
\$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.	1,177,476	18,973
\$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.	1,439,135	26,226
\$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>2,917,497</u>	<u>37,866</u>
Total Lease Revenue bonds	\$ <u>9,968,133</u>	\$ <u>159,761</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (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>		
Treatment plant upgrade agreement with the Town of Colonial Beach payable in monthly installments of \$526. Interest payable at 0.00% per year.	\$ 98,464	\$ 6,319
<u>Compensated absences (payable from water and sewer funds)</u>	<u>\$ 16,589</u>	<u>\$ 1,659</u>
Total long-term obligations from business-type activities	<u>\$ 10,083,186</u>	<u>\$ 167,739</u>
<u>Component Unit:</u>		
<u>Capital Lease:</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.	\$ 1,564,399	\$ 146,230
<u>Compensated absences (payable from school fund)</u>	<u>\$ 175,323</u>	<u>\$ 17,532</u>
<u>Net OPEB Obligation</u>	<u>\$ 1,578,670</u>	<u>\$ -</u>
Total long-term obligations from component unit	<u>\$ 3,318,392</u>	<u>\$ 163,762</u>
Total long-term obligations	<u>\$ 26,700,578</u>	<u>\$ 1,018,041</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 12 - UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:

At June 30, 2014:

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Primary Government:		
Unavailable 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.	\$ -	\$ 463,139
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	37,902	37,902
Unearned revenue representing grants and other items	<u>151,433</u>	<u>151,433</u>
Total	\$ <u><u>189,335</u></u>	\$ <u><u>652,474</u></u>

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.

Construction Commitments

At June 30, 2014, the County has outstanding Construction Commitments in the amount of \$354,758 for Courthouse Construction and Dam Reconstruction.

NOTE 14 - LITIGATION:

At June 30, 2014 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, 2014 (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 \$1,143,245 reported as landfill closure and post closure liability at June 30, 2014, 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 2014. 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
Martha Wilkens, 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	
Rosemary M. Mahan, Supervisor	1,000
Darryl E. Fisher - Surety	
Larry Roberson, Supervisor	1,000
Larry Roberson - Surety	
Darryl E. Fisher, Supervisor	1,000
Rosemary M. Mahan - 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, 2014 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFIT HEALTH INSURANCE PROGRAM:

County:

A. Plan Description:

The County 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 County. Participants in the Plan must be eligible to retire through the Virginia Retirement System and attain either (1) the age of 50 with at least 10 years of service with the County, or (2) the age of 55 with at least 5 years of service with the County. The plan has no separate financial report.

B. Funding Policy:

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. This is determined annually as part of the budgetary process. The retiree and spouse must pay 100% of the premium cost.

C. Annual OPEB Cost and Net OPEB Obligation:

The County'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 County's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 42,400
Interest on net OPEB obligation	1,404
Adjustment to annual required contribution	(1,483)
Annual OPEB cost (expense)	\$ 42,321
Contributions made	(7,100)
Increase in net OPEB obligation	\$ 35,221
Net OPEB obligation-beginning of year	40,100
Net OPEB obligation-end of year	\$ 75,321

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFIT HEALTH INSURANCE PROGRAM: (Continued)**County: (Continued)****C. Annual OPEB Cost and Net OPEB Obligation: (Continued)**

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 is 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, 2013	\$ 40,100	\$ 0%	\$ 40,100
June 30, 2014	42,321	17%	75,321

D. Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2013 is as follows:

Actuarial accrued liability (AAL)	\$ 273,900
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	273,900
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	4,154,700
UAAL as a percentage of covered payroll	6.59%

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.

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 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, 2014 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFIT HEALTH INSURANCE PROGRAM: (Continued)

County: (Continued)

E. Actuarial Methods and Assumptions: (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 June 30, 2013, the most recent actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.5 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 7.00 percent initially, reduced by decrements to an ultimate rate of 4.80 percent after seventy years. Both rates included a 3.00 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 June 30, 2013, was thirty years.

Unfunded

Discount rate	\$	3.50%
Payroll growth		3.00%

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFIT HEALTH INSURANCE PROGRAM: (Continued)

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. This is determined annually as part of the budgetary process. The School Board contributes \$467.60 per month towards participants' premiums, and \$567.00 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	\$ 108,200
Interest on net OPEB obligation	53,701
Adjustment to annual required contribution	(56,734)
Annual OPEB cost (expense)	\$ 105,167
Contributions made	(60,800)
Increase in net OPEB obligation	\$ 44,367
Net OPEB obligation-beginning of year	1,534,303
Net OPEB obligation-end of year	\$ 1,578,670

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFIT HEALTH INSURANCE 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 2014 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 442,644	\$ 27%	\$ 1,207,788
June 30, 2013	477,764	32%	1,534,303
June 30, 2014	105,167	58%	1,578,670

D. Funded Status and Funding Progress:

The funded status of the plan as of January 1, 2013 is as follows:

Actuarial accrued liability (AAL)	\$ 1,246,700
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	1,246,700
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	9,445,600
UAAL as a percentage of covered payroll	13.20%

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.

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 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, 2014 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFIT HEALTH INSURANCE PROGRAM: (Continued)

School Board: (Continued)

E. Actuarial Methods and Assumptions: (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, 2013, the most recent actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.5 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 7.70 percent initially, reduced by decrements to an ultimate rate of 4.80 percent after seventy-two years. Both rates included a 3.00 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, 2013, was thirty years.

Unfunded

Discount rate	\$	3.50%
Payroll growth		3.00%

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 19 –OTHER POSTEMPLOYMENT BENEFITS - VRS HEALTH INSURANCE CREDIT:

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 2014 was .28% 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 2014, the County's contribution of \$1,407 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 2014 and the two preceding years were as follows:

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 19 —OTHER POSTEMPLOYMENT BENEFITS- VRS HEALTH INSURANCE CREDIT: (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, 2014	\$ 1,407	100%	-
June 30, 2013	4,702	100%	-
June 30, 2012	3,578	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 50,214
Actuarial value of plan assets	9,624
Unfunded actuarial accrued liability	40,590
Funded ratio (actuarial value of plan assets/AAL)	19.17%
Covered payroll (active plan members)	1,414,344
UAAL as a percentage of covered payroll	2.87%

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, 2013 was 30 years.

NOTE 19 —OTHER POST-EMPLOYMENT BENEFITS (OPEB) - VRS HEALTH INSURANCE CREDIT (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, 2014, 2013, and 2012 were \$51,385, \$51,324, and \$47,577, respectively and equaled the required contributions for each year.

NOTE 20 - UPCOMING GASB PRONOUNCEMENTS:

At June 30, 2014, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the City are as follows:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Statement No. 68 will be effective for fiscal years beginning after June 15, 2014.

The County has not yet determined the effect these GASB Statements will have on its financial statements.

NOTE 21 - RESTATEMENT OF BEGINNING NET POSITION:

Beginning net position was restated as follows:

	<u>Net Position - Component Unit School Board</u>
Beginning balances as previously reported	\$ 5,812,016
Restatement to early retirement obligation	<u>(100,754)</u>
Beginning balances as restated	<u>\$ 5,711,262</u>

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.

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 14,613,458	\$ 14,613,458	\$ 15,134,125	\$ 520,667	
Other local taxes	1,702,904	1,702,904	1,763,138	60,234	
Permits, privilege fees, and regulatory licenses	185,100	185,100	207,342	22,242	
Fines and forfeitures	91,900	91,900	160,108	68,208	
Revenue from the use of money and property	141,140	141,140	118,967	(22,173)	
Charges for services	58,304	59,690	90,131	30,441	
Miscellaneous	46,100	62,119	88,142	26,023	
Recovered costs	961,978	997,243	983,803	(13,440)	
Intergovernmental:					
Commonwealth	4,985,645	5,542,290	5,569,511	27,221	
Federal	1,314,285	1,533,925	1,196,786	(337,139)	
Total revenues	\$ 24,100,814	\$ 24,929,769	\$ 25,312,053	\$ 382,284	
EXPENDITURES					
Current:					
General government administration	\$ 2,606,641	\$ 2,753,889	\$ 2,140,152	\$ 613,737	
Judicial administration	873,639	903,017	872,665	30,352	
Public safety	5,122,730	5,729,410	5,065,920	663,490	
Public works	2,549,210	2,956,106	2,545,023	411,083	
Health and welfare	3,495,257	4,204,157	3,983,488	220,669	
Education	7,727,391	7,727,391	7,727,392	(1)	
Parks, recreation, and cultural	449,904	451,194	432,431	18,763	
Community development	553,644	685,135	558,998	126,137	
Nondepartmental	169,467	176,649	176,650	(1)	
Capital projects	188,676	7,159,129	6,675,948	483,181	
Debt service:					
Principal retirement	408,470	408,470	408,470	-	
Interest and other fiscal charges	491,921	782,871	233,912	548,959	
Total expenditures	\$ 24,636,950	\$ 33,937,418	\$ 30,821,049	\$ 3,116,369	
Excess (deficiency) of revenues over (under) expenditures	\$ (536,136)	\$ (9,007,649)	\$ (5,508,996)	\$ 3,498,653	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 62,904	\$ 62,904	\$ 63,912	\$ 1,008	
Transfers out	(77,779)	(77,779)	(77,779)	-	
Issuance of revenue bonds	-	6,593,154	5,951,719	(641,435)	
Total other financing sources (uses)	\$ (14,875)	\$ 6,578,279	\$ 5,937,852	\$ (640,427)	
Net change in fund balances	\$ (551,011)	\$ (2,429,370)	\$ 428,856	\$ 2,858,226	
Fund balances - beginning	551,011	2,429,370	6,509,999	4,080,629	
Fund balances - ending	\$ -	\$ -	\$ 6,938,855	\$ 6,938,855	

Schedule of Pension and OPEB Funding Progress
Last Three Fiscal Years

VIRGINIA RETIREMENT SYSTEM:COUNTY:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 16,322,199	\$ 21,619,087	\$ 5,296,888	75.50%	\$ 4,720,079	112.22%
6/30/2012	15,628,946	21,396,269	5,767,323	73.05%	4,509,140	127.90%
6/30/2011	15,575,423	20,636,913	5,061,490	75.47%	4,502,014	112.43%

Health Insurance Credit Program:

Actuarial Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 9,624	\$ 50,214	\$ 40,590	19.17%	\$ 1,414,344	2.87%
6/30/2012	8,600	46,885	38,285	18.34%	1,932,811	1.98%
6/30/2011	7,487	45,851	38,364	16.33%	1,608,390	2.39%

OTHER POSTEMPLOYMENT BENEFITS:

Actuarial Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ -	\$ 273,900	\$ 273,900	0.00%	\$ 4,154,700	6.59%

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

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 3,038,082	\$ 3,703,226	\$ 665,144	82.04%	\$ 833,222	79.83%
6/30/2012	2,969,616	3,812,803	843,187	77.89%	934,783	90.20%
6/30/2011	2,982,900	3,550,164	567,264	84.02%	885,929	64.03%

OTHER POSTEMPLOYMENT BENEFITS:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/1/2013	\$ -	\$ 1,246,700	\$ 1,246,700	0.00%	\$ 9,445,600	13.20%
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%

* Three years of valuations are not available.

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements and Schedules

Capital Projects Fund

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

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 11,500	\$ 11,500	\$ 9,253	\$ (2,247)
Total revenues	<u>\$ 11,500</u>	<u>\$ 11,500</u>	<u>\$ 9,253</u>	<u>\$ (2,247)</u>
EXPENDITURES				
Capital projects	\$ 50,800	\$ 159,272	\$ 121,887	\$ 37,385
Debt service:				
Principal retirement	62,385	62,385	62,385	-
Interest and other fiscal charges	15,394	15,394	15,394	-
Total expenditures	<u>\$ 128,579</u>	<u>\$ 237,051</u>	<u>\$ 199,666</u>	<u>\$ 37,385</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (117,079)</u>	<u>\$ (225,551)</u>	<u>\$ (190,413)</u>	<u>\$ 35,138</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 77,779	\$ 77,779	\$ 77,779	\$ -
Total other financing sources (uses)	<u>\$ 77,779</u>	<u>\$ 77,779</u>	<u>\$ 77,779</u>	<u>\$ -</u>
Net change in fund balances	\$ (39,300)	\$ (147,772)	\$ (112,634)	\$ 35,138
Fund balances - beginning	39,300	147,772	1,192,525	1,044,753
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,079,891</u>	<u>\$ 1,079,891</u>

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Debt Service Fund	Special Revenue Fund	
	AT Johnson Debt Service Fund	Placid Bay Sanitary District Fund	Total
ASSETS			
Cash and cash equivalents	\$ 38,363	\$ 212,203	\$ 250,566
Investments	94,112	244	94,356
Receivables (net of allowance for uncollectibles):			
Accounts receivable	11,194	-	11,194
Due from other governmental units	-	133,113	133,113
Restricted assets:			
Investments	-	49,152	49,152
Total assets	\$ <u>143,669</u>	\$ <u>394,712</u>	\$ <u>538,381</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 135,457	\$ 135,457
Retainage payable	-	49,454	49,454
Total liabilities	\$ <u>-</u>	\$ <u>184,911</u>	\$ <u>184,911</u>
Fund balances:			
Committed	\$ <u>143,669</u>	\$ <u>209,801</u>	\$ <u>353,470</u>
Total fund balances	\$ <u>143,669</u>	\$ <u>209,801</u>	\$ <u>353,470</u>
Total liabilities and fund balances	\$ <u>143,669</u>	\$ <u>394,712</u>	\$ <u>538,381</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Debt Service Fund	Special Revenue Fund	
	AT Johson Debt Service Fund	Placid Bay Sanitary District Fund	Total
REVENUES			
General property taxes	\$ -	\$ 53,327	\$ 53,327
Revenue from the use of money and property	161,092	-	161,092
Charges for services	4,160	60,740	64,900
Total revenues	\$ 165,252	\$ 114,067	\$ 279,319
EXPENDITURES			
Current:			
Community development	\$ -	\$ 48,412	\$ 48,412
Capital projects	-	588,537	588,537
Debt service:			
Principal retirement	154,985	-	154,985
Interest and other fiscal charges	38,707	-	38,707
Total expenditures	\$ 193,692	\$ 636,949	\$ 830,641
Excess (deficiency) of revenues over (under) expenditures	\$ (28,440)	\$ (522,882)	\$ (551,322)
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ -	\$ (1,008)	\$ (1,008)
Issuance of revenue bonds	-	627,252	627,252
Total other financing sources (uses)	\$ -	\$ 626,244	\$ 626,244
Net change in fund balances	\$ (28,440)	\$ 103,362	\$ 74,922
Fund balances - beginning	172,109	106,439	278,548
Fund balances - ending	\$ 143,669	\$ 209,801	\$ 353,470

COUNTY OF WESTMORELAND, VIRGINIA

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2014

	Debt Service Fund			
	AT Johnson Debt Service Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ -	\$ -	\$ -	-
Revenue from the use of money and property	157,378	157,378	161,092	3,714
Charges for services	4,000	4,000	4,160	160
Intergovernmental:				
Commonwealth	-	-	-	-
Total revenues	\$ 161,378	\$ 161,378	\$ 165,252	\$ 3,874
EXPENDITURES				
Current:				
Community development	\$ -	\$ -	\$ -	-
Capital projects	-	-	-	-
Debt service:				
Principal retirement	154,985	154,985	154,985	-
Interest and other fiscal charges	38,644	38,644	38,707	(63)
Total expenditures	\$ 193,629	\$ 193,629	\$ 193,692	\$ (63)
Excess (deficiency) of revenues over (under) expenditures	\$ (32,251)	\$ (32,251)	\$ (28,440)	\$ 3,811
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	-
Issuance of revenue bonds	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	-
Net change in fund balances	\$ (32,251)	\$ (32,251)	\$ (28,440)	\$ 3,811
Fund balances - beginning	32,251	32,251	172,109	139,858
Fund balances - ending	\$ -	\$ -	\$ 143,669	\$ 143,669

Special Revenue Fund			
Placid Bay Sanitary District Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 52,110	\$ 59,927	\$ 53,327	\$ (6,600)
-	-	-	-
59,680	60,740	60,740	-
-	8,500	-	(8,500)
<u>\$ 111,790</u>	<u>\$ 129,167</u>	<u>\$ 114,067</u>	<u>\$ (15,100)</u>
\$ 214,383	\$ 180,812	\$ 48,412	\$ 132,400
-	1,074,452	588,537	485,915
-	-	-	-
-	-	-	-
<u>\$ 214,383</u>	<u>\$ 1,255,264</u>	<u>\$ 636,949</u>	<u>\$ 618,315</u>
<u>\$ (102,593)</u>	<u>\$ (1,126,097)</u>	<u>\$ (522,882)</u>	<u>\$ 603,215</u>
\$ -	\$ (1,008)	\$ (1,008)	\$ -
-	1,031,500	627,252	(404,248)
<u>\$ -</u>	<u>\$ 1,030,492</u>	<u>\$ 626,244</u>	<u>\$ (404,248)</u>
\$ (102,593)	\$ (95,605)	\$ 103,362	\$ 198,967
102,593	95,605	106,439	10,834
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,801</u>	<u>\$ 209,801</u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2014

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Alternative Education Program</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ <u>35,324</u>	\$ <u>117,441</u>	\$ <u>152,765</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 21,264	\$ 36,167	\$ 57,431
Amounts held for social services clients	14,060	-	14,060
Amounts held for alternative education program	-	81,274	81,274
Total liabilities	\$ <u>35,324</u>	\$ <u>117,441</u>	\$ <u>152,765</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2014

	Balance Beginning	Additions	Deletions	Balance End of Year
Special Welfare:				
ASSETS				
Cash and cash equivalents	\$ 30,232	\$ 35,324	\$ 30,232	\$ 35,324
Total assets	<u>\$ 30,232</u>	<u>\$ 35,324</u>	<u>\$ 30,232</u>	<u>\$ 35,324</u>
LIABILITIES				
Accounts payable	\$ 16,172	\$ 21,264	\$ 16,172	\$ 21,264
Amounts held for social services clients	14,060	14,060	14,060	14,060
Total liabilities	<u>\$ 30,232</u>	<u>\$ 35,324</u>	<u>\$ 30,232</u>	<u>\$ 35,324</u>
Alternative Education Program:				
ASSETS				
Cash and cash equivalents	\$ 137,599	\$ 294,904	\$ 315,062	\$ 117,441
Total assets	<u>\$ 137,599</u>	<u>\$ 294,904</u>	<u>\$ 315,062</u>	<u>\$ 117,441</u>
LIABILITIES				
Amounts payable and accrued liabilities	\$ 37,365	\$ 36,167	\$ 37,365	\$ 36,167
Amounts held for alternative education program	100,234	258,737	277,697	81,274
Total liabilities	<u>\$ 137,599</u>	<u>\$ 294,904</u>	<u>\$ 315,062</u>	<u>\$ 117,441</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 167,831	\$ 330,228	\$ 345,294	\$ 152,765
Total assets	<u>\$ 167,831</u>	<u>\$ 330,228</u>	<u>\$ 345,294</u>	<u>\$ 152,765</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 53,537	\$ 57,431	\$ 53,537	\$ 57,431
Amounts held for social services clients	14,060	14,060	14,060	14,060
Amounts held for alternative education program	100,234	258,737	277,697	81,274
Total liabilities	<u>\$ 167,831</u>	<u>\$ 330,228</u>	<u>\$ 345,294</u>	<u>\$ 152,765</u>

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2014

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,558,072	\$ 292,056	\$ 2,850,128
Receivables (net of allowance for uncollectibles):			
Accounts receivable	15,753	-	15,753
Due from other governmental units	519,298	22,323	541,621
Total assets	<u>\$ 3,093,123</u>	<u>\$ 314,379</u>	<u>\$ 3,407,502</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 156,367	\$ 10,619	\$ 166,986
Accrued liabilities	1,649,324	38,310	1,687,634
Due to primary government	543,829	-	543,829
Due to other governmental units	83,264	-	83,264
Total liabilities	<u>\$ 2,432,784</u>	<u>\$ 48,929</u>	<u>\$ 2,481,713</u>
Fund balances:			
Committed - cafeteria	\$ -	\$ 265,450	\$ 265,450
Unassigned	660,339	-	660,339
Total fund balances	<u>\$ 660,339</u>	<u>\$ 265,450</u>	<u>\$ 925,789</u>
Total liabilities and fund balances	<u>\$ 3,093,123</u>	<u>\$ 314,379</u>	<u>\$ 3,407,502</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above		\$	925,789
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 258,916	
Buildings and systems		6,697,274	
Machinery and equipment		<u>1,069,788</u>	8,025,978
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences		\$ (175,323)	
Accrued interest payable		(33,009)	
Net OPEB obligation		(1,578,670)	
Capital lease		<u>(1,564,399)</u>	<u>(3,351,401)</u>
Net position of governmental activities		\$	<u>5,600,366</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2014

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 29,089	\$ 149	\$ 29,238
Charges for services	-	215,986	215,986
Miscellaneous	188,061	-	188,061
Intergovernmental:			
Local government	7,717,745	-	7,717,745
Commonwealth	8,372,525	15,255	8,387,780
Federal	1,153,020	662,430	1,815,450
Total revenues	<u>\$ 17,460,440</u>	<u>\$ 893,820</u>	<u>\$ 18,354,260</u>
EXPENDITURES			
Current:			
Education	\$ 17,003,138	\$ 957,194	\$ 17,960,332
Capital projects	17,507	-	17,507
Debt service:			
Principal retirement	241,004	-	241,004
Interest and other fiscal charges	77,401	-	77,401
Total expenditures	<u>\$ 17,339,050</u>	<u>\$ 957,194</u>	<u>\$ 18,296,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 121,390</u>	<u>\$ (63,374)</u>	<u>\$ 58,016</u>
Net change in fund balances	\$ 121,390	\$ (63,374)	\$ 58,016
Fund balances - beginning	538,949	328,824	867,773
Fund balances - ending	<u>\$ 660,339</u>	<u>\$ 265,450</u>	<u>\$ 925,789</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 \$ 58,016

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 depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 23,018	
Depreciation expense	<u>(636,952)</u>	(613,934)

Transfer of joint tenancy assets from Primary Government to the Component Unit 256,456

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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 140,250

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	\$ (11,030)	
Net OPEB obligation	(44,367)	
Accrued interest payable	2,959	
Retirement incentive obligation	<u>100,754</u>	48,316
Change in net position of governmental activities		<u>\$ (110,896)</u>

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, 2014

	School Operating Fund				
	Budgeted Amounts				Variance with Final Budget Positive (Negative)
	Original	Final	Actual		
REVENUES					
Revenue from the use of money and property	\$ 29,793	\$ 29,793	\$ 29,089	\$	(704)
Charges for services	-	-	-		-
Miscellaneous	135,129	135,129	188,061		52,932
Intergovernmental:					
Local government	7,717,744	7,717,744	7,717,745		1
Commonwealth	8,087,201	8,169,449	8,372,525		203,076
Federal	1,139,301	1,317,323	1,153,020		(164,303)
Total revenues	\$ 17,109,168	\$ 17,369,438	\$ 17,460,440	\$	91,002
EXPENDITURES					
Current:					
Education	\$ 16,921,463	\$ 17,288,868	\$ 17,003,138	\$	285,730
Capital projects	62,000	187,607	17,507		170,100
Debt service:					
Principal retirement	234,801	241,288	241,004		284
Interest and other fiscal charges	83,283	77,117	77,401		(284)
Total expenditures	\$ 17,301,547	\$ 17,794,880	\$ 17,339,050	\$	455,830
Excess (deficiency) of revenues over (under) expenditures					
	\$ (192,379)	\$ (425,442)	\$ 121,390	\$	546,832
Net change in fund balances					
	\$ (192,379)	\$ (425,442)	\$ 121,390	\$	546,832
Fund balances - beginning	192,379	425,442	538,949		113,507
Fund balances - ending	\$ -	\$ -	\$ 660,339	\$	660,339

Exhibit 21

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 279	\$ 279	\$ 149	\$ (130)
280,916	280,916	215,986	(64,930)
-	-	-	-
-	-	-	-
17,190	17,190	15,255	(1,935)
578,052	581,518	662,430	80,912
<u>\$ 876,437</u>	<u>\$ 879,903</u>	<u>\$ 893,820</u>	<u>\$ 13,917</u>
\$ 977,437	\$ 980,903	\$ 957,194	\$ 23,709
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 977,437</u>	<u>\$ 980,903</u>	<u>\$ 957,194</u>	<u>\$ 23,709</u>
<u>\$ (101,000)</u>	<u>\$ (101,000)</u>	<u>\$ (63,374)</u>	<u>\$ 37,626</u>
\$ (101,000)	\$ (101,000)	\$ (63,374)	\$ 37,626
101,000	101,000	328,824	227,824
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,450</u>	<u>\$ 265,450</u>

Supporting Schedules

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

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	\$ 11,115,216	\$ 11,115,216	\$ 11,226,940	\$ 111,724
Real and personal public service corporation taxes	237,200	237,200	256,605	19,405
Personal property taxes	2,768,161	2,768,161	3,089,125	320,964
Mobile home taxes	24,024	24,024	22,785	(1,239)
Machinery and tools taxes	97,500	97,500	72,679	(24,821)
Farm machinery and tools taxes	86,250	86,250	97,068	10,818
Merchants capital taxes	28,607	28,607	43,827	15,220
Penalties	176,500	176,500	211,759	35,259
Interest	80,000	80,000	113,337	33,337
Total general property taxes	\$ 14,613,458	\$ 14,613,458	\$ 15,134,125	\$ 520,667
Other local taxes:				
Local sales and use taxes	\$ 694,904	\$ 694,904	\$ 689,116	\$ (5,788)
Consumers' utility taxes	314,000	314,000	327,860	13,860
Utility gross receipts taxes	45,000	45,000	53,557	8,557
Motor vehicle licenses	493,000	493,000	516,053	23,053
Bank stock taxes	3,000	3,000	4,446	1,446
Taxes on recordation and wills	150,000	150,000	169,186	19,186
E-911 taxes	3,000	3,000	2,500	(500)
Golf cart decals	-	-	420	420
Total other local taxes	\$ 1,702,904	\$ 1,702,904	\$ 1,763,138	\$ 60,234
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 7,369	\$ (631)
Permits and other licenses	177,100	177,100	199,973	22,873
Total permits, privilege fees, and regulatory licenses	\$ 185,100	\$ 185,100	\$ 207,342	\$ 22,242
Fines and forfeitures:				
Court fines and forfeitures	\$ 91,900	\$ 91,900	\$ 160,108	\$ 68,208
Revenue from use of money and property:				
Revenue from use of money	\$ 80,944	\$ 80,944	\$ 59,010	\$ (21,934)
Revenue from use of property	60,196	60,196	59,957	(239)
Total revenue from use of money and property	\$ 141,140	\$ 141,140	\$ 118,967	\$ (22,173)
Charges for services:				
Sheriff's fees	\$ 1,500	\$ 1,500	\$ 1,792	\$ 292
Charges for law enforcement and traffic control	7,404	7,404	9,263	1,859
Charges for courthouse maintenance	15,000	15,000	18,423	3,423
Charges for court appointed attorney	1,500	2,886	7,078	4,192
Concealed weapons permits	3,500	3,500	7,880	4,380
Charges for Commonwealth's Attorney	1,800	1,800	2,197	397

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014 (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	\$ 6,500	\$ 6,500	\$ 9,381	\$ 2,881
Charges for animal control	8,500	8,500	10,230	1,730
Charges for sanitation and waste removal	12,500	12,500	18,787	6,287
Charges for parks, recreation and cultural	100	100	-	(100)
Charges for planning and community development	-	-	5,100	5,100
Total charges for services	\$ 58,304	\$ 59,690	\$ 90,131	\$ 30,441
Miscellaneous revenue:				
Expenditure refunds	\$ -	\$ -	\$ 738	\$ 738
Miscellaneous other	46,100	62,119	87,404	25,285
Total miscellaneous revenue	\$ 46,100	\$ 62,119	\$ 88,142	\$ 26,023
Recovered costs:				
Other recovered costs	\$ 385,978	\$ 390,853	\$ 336,936	\$ (53,917)
Rescue recovery	576,000	606,390	646,867	40,477
Total recovered costs	\$ 961,978	\$ 997,243	\$ 983,803	\$ (13,440)
Total revenue from local sources	\$ 17,800,884	\$ 17,853,554	\$ 18,545,756	\$ 692,202
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ -	\$ -	\$ 38	\$ 38
Mobile home titling tax	15,000	15,000	16,861	1,861
Motor vehicle rental tax	1,000	1,000	1,471	471
State recordation tax	71,921	71,921	68,747	(3,174)
Tax on deeds	32,000	32,000	49,017	17,017
Communication sales and use taxes	595,000	595,000	640,166	45,166
Personal property tax relief funds	1,139,678	1,139,678	1,139,679	1
Total noncategorical aid	\$ 1,854,599	\$ 1,854,599	\$ 1,915,979	\$ 61,380
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 252,702	\$ 256,528	\$ 253,420	\$ (3,108)
Sheriff	991,179	991,179	986,493	(4,686)
Commissioner of revenue	98,340	98,340	98,909	569
Treasurer	93,040	93,040	92,653	(387)
Registrar/electoral board	39,000	39,000	36,334	(2,666)
Clerk of the Circuit Court	203,395	203,395	198,708	(4,687)
Total shared expenses	\$ 1,677,656	\$ 1,681,482	\$ 1,666,517	\$ (14,965)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	\$ 551,423	\$ 595,002	\$ 505,137	\$ (89,865)
Two for life	20,000	20,000	19,268	(732)
Litter control grant	8,500	8,500	7,548	(952)
Fire programs	36,000	40,629	40,629	-
Comprehensive Services Act	608,568	1,110,768	1,038,983	(71,785)
Emergency services	-	2,411	2,411	-
VJCCA grants	141,997	141,997	141,997	-
Victim-witness grant	45,402	45,402	46,764	1,362
Wireless grant	40,000	40,000	47,620	7,620
VDOT revenue sharing	-	-	134,387	134,387
Other categorical aid	1,500	1,500	2,271	771
Total other categorical aid	\$ 1,453,390	\$ 2,006,209	\$ 1,987,015	\$ (19,194)
Total categorical aid	\$ 3,131,046	\$ 3,687,691	\$ 3,653,532	\$ (34,159)
Total revenue from the Commonwealth	\$ 4,985,645	\$ 5,542,290	\$ 5,569,511	\$ 27,221
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 1,300	\$ 1,300	\$ 1,418	\$ 118
Total noncategorical aid	\$ 1,300	\$ 1,300	\$ 1,418	\$ 118
Categorical aid:				
Welfare administration and public assistance	\$ 1,272,985	\$ 1,178,095	\$ 1,062,300	\$ (115,795)
Section 8 housing	-	16,200	16,200	-
Criminal justice grants	-	56,191	56,174	(17)
DMV grants	-	35,300	29,556	(5,744)
Asset forfeiture	-	189,419	26,346	(163,073)
James monroe birthplace enhancement	40,000	57,420	4,792	(52,628)
Total categorical aid	\$ 1,312,985	\$ 1,532,625	\$ 1,195,368	\$ (337,257)
Total revenue from the federal government	\$ 1,314,285	\$ 1,533,925	\$ 1,196,786	\$ (337,139)
Total General Fund	\$ 24,100,814	\$ 24,929,769	\$ 25,312,053	\$ 382,284
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	\$ 2,662	\$ 2,662	\$ 632	\$ (2,030)
Revenue from the use of property	154,716	154,716	160,460	5,744
Total revenue from use of money and property	\$ 157,378	\$ 157,378	\$ 161,092	\$ 3,714

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Funds: (Continued)				
AT Johnson Debt Service Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Other charges for services	\$ 4,000	\$ 4,000	\$ 4,160	\$ 160
Total revenue from local sources	\$ 161,378	\$ 161,378	\$ 165,252	\$ 3,874
Total AT Johnson Debt Service Fund	\$ 161,378	\$ 161,378	\$ 165,252	\$ 3,874
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 11,500	\$ 11,500	\$ 9,253	\$ (2,247)
Total General Capital Projects Fund	\$ 11,500	\$ 11,500	\$ 9,253	\$ (2,247)
Special Revenue Fund:				
Placid Bay Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 51,780	\$ 55,059	\$ 48,459	\$ (6,600)
Penalties	300	3,240	3,240	-
Interest	30	1,628	1,628	-
Total general property taxes	\$ 52,110	\$ 59,927	\$ 53,327	\$ (6,600)
Charges for services:				
Road maintenance user fees	\$ 59,680	\$ 60,740	\$ 60,740	\$ -
Intergovernmental:				
Revenue from the Commonwealth:				
State dams grant	\$ -	\$ 8,500	\$ -	\$ (8,500)
Total Placid Bay Sanitary District Fund	\$ 111,790	\$ 129,167	\$ 114,067	\$ (15,100)
Total Primary Government	\$ 24,385,482	\$ 25,231,814	\$ 25,600,625	\$ 368,811
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	\$ 2,500	\$ 2,500	\$ 1,020	\$ (1,480)
Revenue from the use of property	27,293	27,293	28,069	776
Total revenue from use of money and property	\$ 29,793	\$ 29,793	\$ 29,089	\$ (704)
Miscellaneous revenue:				
Expenditure refunds	\$ 135,129	\$ 135,129	\$ 175,030	\$ 39,901
Other miscellaneous	-	-	13,031	13,031
Total miscellaneous revenue	\$ 135,129	\$ 135,129	\$ 188,061	\$ 52,932
Total revenue from local sources	\$ 164,922	\$ 164,922	\$ 217,150	\$ 52,228

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2014 (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)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Westmoreland, Virginia	\$ 7,717,744	\$ 7,717,744	\$ 7,717,745	\$ 1
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,843,307	\$ 1,843,307	\$ 1,790,884	\$ (52,423)
Basic school aid	3,565,084	3,565,084	3,771,320	206,236
Remedial education	323,614	323,614	304,368	(19,246)
Gifted and talented	37,294	37,294	38,741	1,447
Special education	501,031	501,031	520,479	19,448
Vocational SOQ payments	72,966	72,966	75,798	2,832
Social security fringe benefits	231,058	231,058	240,027	8,969
Retirement fringe benefits	386,718	386,718	501,377	114,659
Early reading intervention	28,401	28,401	30,071	1,670
At risk payments	251,149	251,149	260,741	9,592
Technology	180,000	180,000	185,294	5,294
Standards of Learning algebra readiness	22,195	22,195	22,275	80
K-3 initiatives	182,837	182,837	185,199	2,362
Other state funds	461,547	543,795	445,951	(97,844)
Total categorical aid	\$ 8,087,201	\$ 8,169,449	\$ 8,372,525	\$ 203,076
Total revenue from the Commonwealth	\$ 8,087,201	\$ 8,169,449	\$ 8,372,525	\$ 203,076
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 430,335	\$ 479,384	\$ 451,945	\$ (27,439)
Title VI-B, flow-through	365,503	365,503	346,092	(19,411)
Title VI-B, preschool	17,943	17,943	18,414	471
1003 G school improvement	-	12,549	12,549	-
Interest subsidy	104,872	104,872	97,322	(7,550)
Title II Part A	96,591	113,114	86,993	(26,121)
Other federal funds	124,057	223,958	139,705	(84,253)
Total categorical aid	\$ 1,139,301	\$ 1,317,323	\$ 1,153,020	\$ (164,303)
Total revenue from the federal government	\$ 1,139,301	\$ 1,317,323	\$ 1,153,020	\$ (164,303)
Total School Operating Fund	\$ 17,109,168	\$ 17,369,438	\$ 17,460,440	\$ 91,002

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014 (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)				
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	\$ 149	\$ (130)
Charges for services:				
Cafeteria sales	\$ 280,916	\$ 280,916	\$ 215,986	\$ (64,930)
Total revenue from local sources	\$ 281,195	\$ 281,195	\$ 216,135	\$ (65,060)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 17,190	\$ 17,190	\$ 15,255	\$ (1,935)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 578,052	\$ 578,052	\$ 658,963	\$ 80,911
Other categorical aid	-	3,466	3,467	1
Total categorical aid	\$ 578,052	\$ 581,518	\$ 662,430	\$ 80,912
Total revenue from the federal government	578,052	581,518	662,430	80,912
Total School Cafeteria Fund	\$ 876,437	\$ 879,903	\$ 893,820	\$ 13,917
Total Discretely Presented Component Unit - School Board	\$ 17,985,605	\$ 18,249,341	\$ 18,354,260	\$ 104,919

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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	\$ 73,922	\$ 82,797	\$ 75,083	\$ 7,714
General and financial administration:				
County administrator	\$ 386,865	\$ 406,707	\$ 394,658	\$ 12,049
County attorney	67,598	83,309	66,534	16,775
Independent auditor	49,000	49,000	48,720	280
Commissioner of revenue	363,963	363,963	347,340	16,623
Assessor	441,191	441,191	-	441,191
Treasurer	378,895	378,895	356,875	22,020
Accounting	265,944	305,213	287,289	17,924
Data processing	159,537	190,100	137,452	52,648
Risk management	241,622	274,506	275,283	(777)
Delinquent tax collections	21,909	21,909	19,162	2,747
Dues for local government	5,241	5,345	5,345	-
Total general and financial administration	\$ 2,381,765	\$ 2,520,138	\$ 1,938,658	\$ 581,480
Board of elections:				
Electoral board and officials	\$ 40,186	\$ 40,186	\$ 29,801	\$ 10,385
Registrar	110,768	110,768	96,610	14,158
Total board of elections	\$ 150,954	\$ 150,954	\$ 126,411	\$ 24,543
Total general government administration	\$ 2,606,641	\$ 2,753,889	\$ 2,140,152	\$ 613,737
Judicial administration:				
Courts:				
Circuit court	\$ 33,182	\$ 44,229	\$ 43,961	\$ 268
General district court	2,800	2,800	2,656	144
Juvenile and domestic relations district court	10,925	10,925	8,832	2,093
Clerk of the circuit court	385,317	389,735	371,489	18,246
Victim-witness	48,636	48,636	47,930	706
Other	11,200	14,673	14,673	-
Total courts	\$ 492,060	\$ 510,998	\$ 489,541	\$ 21,457
Commonwealth's attorney:				
Commonwealth's attorney	\$ 381,579	\$ 392,019	\$ 383,124	\$ 8,895
Total commonwealth's attorney	\$ 381,579	\$ 392,019	\$ 383,124	\$ 8,895
Total judicial administration	\$ 873,639	\$ 903,017	\$ 872,665	\$ 30,352
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 2,129,413	\$ 2,159,834	\$ 2,153,822	\$ 6,012
Other law enforcement and traffic control	12,693	316,706	128,407	188,299
Sheriff - 911 system	753,780	853,056	837,049	16,007
Total law enforcement and traffic control	\$ 2,895,886	\$ 3,329,596	\$ 3,119,278	\$ 210,318

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014 (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	\$ 561,000	\$ 625,129	\$ 450,492	\$ 174,637
Ambulance and rescue services	955,769	1,012,288	801,141	211,147
Forestry	7,435	7,631	7,631	-
Total fire and rescue services	<u>\$ 1,524,204</u>	<u>\$ 1,645,048</u>	<u>\$ 1,259,264</u>	<u>\$ 385,784</u>
Correction and detention:				
Juvenile and domestic relations court service unit	\$ 93,275	\$ 117,540	\$ 113,282	\$ 4,258
Juvenile commission crime control	141,997	141,997	141,997	-
Total correction and detention	<u>\$ 235,272</u>	<u>\$ 259,537</u>	<u>\$ 255,279</u>	<u>\$ 4,258</u>
Inspections:				
Building	<u>\$ 100,862</u>	<u>\$ 110,551</u>	<u>\$ 98,206</u>	<u>\$ 12,345</u>
Other protection:				
Animal control	\$ 139,026	\$ 176,991	\$ 150,382	\$ 26,609
Medical examiner	200	200	100	100
Emergency management	90,085	86,682	86,175	507
Emergency services (civil defense)	137,195	120,805	97,236	23,569
Total other protection	<u>\$ 366,506</u>	<u>\$ 384,678</u>	<u>\$ 333,893</u>	<u>\$ 50,785</u>
Total public safety	<u>\$ 5,122,730</u>	<u>\$ 5,729,410</u>	<u>\$ 5,065,920</u>	<u>\$ 663,490</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 10,261</u>	<u>\$ 739</u>
Sanitation and waste removal:				
Refuse collection	\$ 510,341	\$ 490,528	\$ 458,409	\$ 32,119
Refuse disposal	1,135,851	1,213,173	1,212,087	1,086
Total sanitation and waste removal	<u>\$ 1,646,192</u>	<u>\$ 1,703,701</u>	<u>\$ 1,670,496</u>	<u>\$ 33,205</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 892,018</u>	<u>\$ 1,241,405</u>	<u>\$ 864,266</u>	<u>\$ 377,139</u>
Total public works	<u>\$ 2,549,210</u>	<u>\$ 2,956,106</u>	<u>\$ 2,545,023</u>	<u>\$ 411,083</u>
Health and welfare:				
Health:				
Local health department	<u>\$ 179,243</u>	<u>\$ 179,243</u>	<u>\$ 179,203</u>	<u>\$ 40</u>
Mental health and mental retardation:				
Contribution to Chapter X Board	<u>\$ 53,182</u>	<u>\$ 53,182</u>	<u>\$ 53,182</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 2,087,980	\$ 1,937,531	\$ 1,756,725	\$ 180,806
Public assistance	305,114	437,328	399,898	37,430
Comprehensive Services Act	869,738	1,596,873	1,594,480	2,393
Total welfare	<u>\$ 3,262,832</u>	<u>\$ 3,971,732</u>	<u>\$ 3,751,103</u>	<u>\$ 220,629</u>
Total health and welfare	<u>\$ 3,495,257</u>	<u>\$ 4,204,157</u>	<u>\$ 3,983,488</u>	<u>\$ 220,669</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014 (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	\$ 7,717,744	\$ 7,717,744	\$ 7,717,745	\$ (1)
Contributions to community college	9,647	9,647	9,647	-
Total education	\$ 7,727,391	\$ 7,727,391	\$ 7,727,392	\$ (1)
Parks, recreation, and cultural:				
Parks and recreation:				
Public landings	\$ 500	\$ 500	\$ -	\$ 500
Total parks and recreation	\$ 500	\$ 500	\$ -	\$ 500
Cultural enrichment:				
Westmoreland museum	\$ 32,452	\$ 32,452	\$ 32,452	\$ -
Other cultural enrichment	18,114	18,114	-	18,114
Total cultural enrichment	50,566	50,566	32,452	18,114
Library:				
Contribution to regional library	\$ 398,838	\$ 400,128	\$ 399,979	\$ 149
Total parks, recreation, and cultural	\$ 449,904	\$ 451,194	\$ 432,431	\$ 18,763
Community development:				
Planning and community development:				
Planning	\$ 378,948	\$ 407,651	\$ 382,044	\$ 25,607
Community development	37,850	37,850	37,850	-
Northern Neck Planning Commission	28,000	28,000	28,000	-
Planning District Commission	9,045	9,045	7,933	1,112
Zoning board	2,700	2,700	1,866	834
Wetlands board	5,750	5,750	5,325	425
Tourism	31,000	112,857	30,493	82,364
Industrial Development Authority	-	20,828	13,902	6,926
Total planning and community development	\$ 493,293	\$ 624,681	\$ 507,413	\$ 117,268
Environmental management:				
Contribution to soil and water conservation district	\$ 11,000	\$ 11,000	\$ 11,000	\$ -
Litter control	8,500	8,500	1,060	7,440
Total environmental management	\$ 19,500	\$ 19,500	\$ 12,060	\$ 7,440
Cooperative extension program:				
Cooperative extension program	\$ 40,851	\$ 40,954	\$ 39,525	\$ 1,429
Total cooperative extension program	\$ 40,851	\$ 40,954	\$ 39,525	\$ 1,429
Total community development	\$ 553,644	\$ 685,135	\$ 558,998	\$ 126,137
Nondepartmental:				
Other nondepartmental	\$ 169,467	\$ 176,649	\$ 176,650	\$ (1)

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Capital projects:				
New courthouse	\$ -	\$ 6,595,328	\$ 6,237,551	\$ 357,777
Land acquisition	104,605	104,605	104,605	-
James Monroe visitors center	50,000	71,775	1,737	70,038
VDOT revenue sharing program	34,071	277,903	222,537	55,366
Other capital projects	-	109,518	109,518	-
Total capital projects	\$ 188,676	\$ 7,159,129	\$ 6,675,948	\$ 483,181
Debt service:				
Principal retirement	\$ 408,470	\$ 408,470	\$ 408,470	\$ -
Interest and other fiscal charges	491,921	782,871	233,912	548,959
Total debt service	\$ 900,391	\$ 1,191,341	\$ 642,382	\$ 548,959
Total General Fund	\$ 24,636,950	\$ 33,937,418	\$ 30,821,049	\$ 3,116,369
Debt Service Fund:				
AT Johnson Debt Service Fund:				
Debt service:				
Principal retirement	\$ 154,985	\$ 154,985	\$ 154,985	\$ -
Interest and other fiscal charges	38,644	38,644	38,707	(63)
Total AT Johnson Debt Service Fund	\$ 193,629	\$ 193,629	\$ 193,692	\$ (63)
Capital Projects Fund:				
General Capital Projects Fund:				
Capital projects expenditures:				
Other capital projects	\$ 50,800	\$ 159,272	\$ 121,887	\$ 37,385
Debt service:				
Principal retirement	\$ 62,385	\$ 62,385	\$ 62,385	\$ -
Interest and other fiscal charges	15,394	15,394	15,394	-
Total debt service	\$ 77,779	\$ 77,779	\$ 77,779	\$ -
Total General Capital Projects Fund	\$ 128,579	\$ 237,051	\$ 199,666	\$ 37,385
Special Revenue Fund:				
Placid Bay Sanitation District Fund:				
Community development:				
Placid Bay sanitary district	\$ 214,383	\$ 180,812	\$ 48,412	\$ 132,400
Capital projects expenditures:				
Dam construction	\$ -	\$ 1,074,452	\$ 588,537	\$ 485,915
Total Placid Bay Sanitation District Fund	\$ 214,383	\$ 1,255,264	\$ 636,949	\$ 618,315
Total Primary Government	\$ 25,173,541	\$ 35,623,362	\$ 31,851,356	\$ 3,772,006

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2014 (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	\$ 10,020,978	\$ 10,372,836	\$ 10,226,783	\$ 146,053
Guidance services	433,831	437,257	433,892	3,365
Homebound instruction	24,897	31,476	26,999	4,477
Improvement of instruction	14,421	16,733	14,841	1,892
Media services	251,275	262,339	261,186	1,153
Office of the principal	956,945	960,492	952,088	8,404
Total instruction costs	<u>\$ 11,702,347</u>	<u>\$ 12,081,133</u>	<u>\$ 11,915,789</u>	<u>\$ 165,344</u>
Administration, attendance, and health:				
Board services	\$ 37,047	\$ 42,860	\$ 42,471	\$ 389
Executive administration	621,136	624,044	624,041	3
Fiscal services	128,917	126,570	126,536	34
Health services	163,800	162,688	159,779	2,909
Psychologist services	89,876	90,261	89,583	678
Attendance and health services	62,307	59,028	58,409	619
Total administration, attendance, and health	<u>\$ 1,103,083</u>	<u>\$ 1,105,451</u>	<u>\$ 1,100,819</u>	<u>\$ 4,632</u>
Operating costs:				
Pupil transportation	\$ 1,567,080	\$ 1,587,721	\$ 1,561,873	\$ 25,848
Operation and maintenance of school plant	1,530,519	1,543,736	1,529,969	13,767
Operation and maintenance - vehicle services	10,500	3,052	3,052	-
Facilities	8,079	32,672	32,672	-
Technology	999,855	935,103	858,964	76,139
Total operating costs	<u>\$ 4,116,033</u>	<u>\$ 4,102,284</u>	<u>\$ 3,986,530</u>	<u>\$ 115,754</u>
Total education	<u>\$ 16,921,463</u>	<u>\$ 17,288,868</u>	<u>\$ 17,003,138</u>	<u>\$ 285,730</u>
Capital projects:				
School capital projects	<u>\$ 62,000</u>	<u>\$ 187,607</u>	<u>\$ 17,507</u>	<u>\$ 170,100</u>
Debt service:				
Principal retirement	\$ 234,801	\$ 241,288	\$ 241,004	\$ 284
Interest and other fiscal charges	83,283	77,117	77,401	(284)
Total debt service	<u>\$ 318,084</u>	<u>\$ 318,405</u>	<u>\$ 318,405</u>	<u>\$ -</u>
Total School Operating Fund	<u>\$ 17,301,547</u>	<u>\$ 17,794,880</u>	<u>\$ 17,339,050</u>	<u>\$ 455,830</u>
Special Revenue Fund:				
Cafeteria Fund:				
Education:				
School food services:				
Food services	<u>\$ 977,437</u>	<u>\$ 980,903</u>	<u>\$ 957,194</u>	<u>\$ 23,709</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 18,278,984</u>	<u>\$ 18,775,783</u>	<u>\$ 18,296,244</u>	<u>\$ 479,539</u>

Other Supplementary Information

Statistical Information

COUNTY OF WESTMORELAND, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Admini- stration		Public Safety		Public Works		Health and Welfare		Education		Parks, Recreation, and Cultural		Community Develop- ment		Interest on Long- Term Debt		Water and Sewer		Total
	Admini- stration		Admini- stration		Safety		Works		Welfare		Education		Recreation, and Cultural		Develop- ment		Debt		Sewer		
2005	\$	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
2006		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
2007		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
2008		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
2009		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
2010		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
2011		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
2012		2,035,878		917,536		4,550,670		2,471,093		3,436,498		7,929,075		652,666		537,924		241,132		2,064,351	24,836,823
2013		2,152,852		867,013		4,492,161		2,749,704		3,679,109		8,043,146		656,184		620,719		223,313		1,955,002	25,439,203
2014		2,091,306		853,373		4,295,459		2,734,476		4,114,348		8,089,593		669,700		751,081		367,852		2,191,811	26,158,999

COUNTY OF WESTMORELAND, VIRGINIA

Table 2

Government-Wide Revenues
Last Ten Fiscal Years

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		
2005	\$ 343,164	\$ 5,034,657	\$ 226,804	\$ 8,989,988	\$ 2,333,601	\$ 440,142	\$ 613,953	\$ 1,299,588	\$ -	-	19,281,897	
2006	399,585	4,853,729	2,807,655	9,239,430	2,693,401	478,634	632,606	1,498,132	-	-	22,603,172	
2007	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	
2008	936,490	5,773,145	4,770,162	12,225,448	2,649,385	839,422	563,516	1,240,601	-	-	28,998,169	
2009	1,241,440	4,896,246	-	14,058,354	2,457,899	676,723	600,033	1,294,332	-	-	25,225,027	
2010	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	
2011	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	
2012	1,686,782	4,263,818	1,033,337	14,110,456	1,750,911	311,256	165,387	1,914,849	209,852	-	25,446,648	
2013	2,510,447	4,384,988	767,324	14,656,404	1,754,768	261,606	146,605	1,912,759	-	-	26,394,901	
2014	1,985,759	4,714,513	134,387	15,063,143	1,763,138	303,552	112,612	1,917,397	-	-	25,994,501	

COUNTY OF WESTMORELAND, VIRGINIA

Table 3

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Fees & Regulatory Licenses	Fines & Forfeitures	Use of Money & Property	Charges for Services	Miscellaneous	Recovered Costs	Intergovernmental (2)	Total
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
2012	14,042,729	1,750,911	312,833	73,609	328,102	398,429	365,805	877,416	16,037,720	34,187,554
2013	14,743,259	1,754,768	202,424	115,070	290,994	394,327	448,060	882,009	17,194,575	36,025,486
2014	15,187,452	1,763,138	207,342	160,108	309,297	371,017	276,203	983,803	16,969,527	36,227,887

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

(2) Excludes contributions from the primary government to the Component Unit School Board.

COUNTY OF WESTMORELAND, VIRGINIA

Table 4

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

Fiscal Year	General Government										Non-Departmental	Debt Service	Total
	Admini- stration	Judicial Admini- stration	Public Safety	Public Works	Health and Welfare	Education (2)	Recreation and Cultural	Community Development	Non- Departmental	Debt Service			
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		
2012	1,944,503	913,738	5,336,694	2,473,391	3,279,533	17,781,422	442,584	509,465	199,991	1,121,635	34,002,956		
2013	2,079,138	872,047	5,140,387	2,565,625	3,555,288	19,164,087	444,199	634,520	195,045	1,114,232	35,764,568		
2014	2,140,152	872,665	5,065,920	2,545,023	3,983,488	17,969,979	432,431	607,410	176,650	1,232,258	35,025,976		

(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.

(2) Excludes contribution from Primary Government to Discretionary Presented Component Unit.

COUNTY OF WESTMORELAND, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	(2)		Percent of Levy Collected	(1)		(2)		Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
		Current Tax Collections			Delinquent Tax Collections		Total Tax Collections				
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%
2012	15,140,764	14,615,541		96.53%	282,740		14,898,281		98.40%	887,640	5.86%
2013	15,872,439	15,168,284		95.56%	366,525		15,534,809		97.87%	809,454	5.10%
2014	15,965,252	15,428,411		96.64%	413,899		15,842,310		99.23%	739,529	4.63%

(1) Exclusive of penalties and interest.

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

\$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, 2011, 2012, 2013, and 2014.

COUNTY OF WESTMORELAND, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	(1)					Public Utility	Total
		Personal Property	Machinery & Tools	Farm Machinery	Merchants Capital			
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
2012	2,475,939,120	152,412,850	7,060,500	6,496,150	9,962,610		54,780,490	2,706,651,720
2013	2,494,278,280	155,807,020	6,901,620	7,259,190	9,391,850		55,376,280	2,729,014,240
2014	2,512,574,400	156,868,010	5,188,100	7,828,440	10,857,430		57,448,500	2,750,764,880

(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
2005	\$ 0.66	\$ 2.50	\$ 1.50	\$ 1.25	\$ 0.50	0.50
2006	0.66	2.50	1.50	1.25	0.50	0.50
2007	0.44	3.00	1.50	1.25	0.50	0.50
2008	0.44	3.00	1.50	1.25	0.50	0.50
2009	0.50	3.00	1.50	1.25	0.50	0.50
2010	0.50	3.00	1.50	1.25	0.50	0.50
2011	0.46	3.00	1.50	1.25	0.46	0.46
2012	0.46	3.00	1.50	1.25	0.46	0.46
2013	0.48	3.00	1.50	1.25	0.46	0.46
2014	0.48	3.00	1.50	1.25	0.46	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		Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)		
2005	16,718	1,265,861,210	14,183,925	690,166	2,531,009	0.87%	656
2006	17,227	1,311,519,280	15,280,536	757,270	5,196,951	0.71%	541
2007	17,188	2,269,623,930	14,395,466	769,838	5,167,717	0.37%	492
2008	17,188	2,315,082,260	14,463,398	788,055	6,111,061	0.33%	440
2009	17,462	2,390,924,474	13,498,455	833,640	6,035,963	0.28%	380
2010	17,515	2,445,154,337	10,324,554	561,771	6,111,110	0.15%	208
2011	17,454	2,690,468,966	16,009,864	237,082	10,379,375	0.20%	309
2012	17,460	2,706,651,720	15,329,116	203,990	10,270,219	0.18%	278
2013	17,703	2,729,014,240	15,508,350	278,548	10,122,006	0.19%	289
2014	17,885	2,750,764,880	21,352,078	172,109	9,968,133	0.41%	627

(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
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%
2012	795,154	326,481	1,121,635	34,002,956	3.30%
2013	814,666	299,566	1,114,232	35,764,568	3.12%
2014	866,844	365,414	1,232,258	35,025,976	3.52%

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

(2) From Table 4.

Compliance

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' 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, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Westmoreland, Virginia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise County of Westmoreland, Virginia, Virginia's basic financial statements and have issued our report thereon dated March 2, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2014-001).

Compliance and Other Matters

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

County of Westmoreland, Virginia's Response to Findings

County of Westmoreland, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Westmoreland, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
March 2, 2015

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited 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 County of Westmoreland, Virginia's major federal programs for the year ended June 30, 2014. County of Westmoreland, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, County of Westmoreland, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
March 2, 2015

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760114/0760113	\$ 31,888
Promoting Safe and Stable Families	93.556	0950113	12,269
Temporary Assistance for Needy Families (TANF)	93.558	0400114/0400113	202,061
Refugee and Entrant Assistance - State Administered Programs	93.566	0500114/0500113	1,547
Low-Income Home Energy Assistance	93.568	0600414/0600413	19,877
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900114/0900113	1,457
Foster Care - Title IV-E	93.658	1100114/1100113	165,038
Adoption Assistance	93.659	1120114/1120113	30,119
Social Services Block Grant	93.667	1000114/1000113	127,929
Chafee Foster Care Independence Program	93.674	9150114/9150113	1,724
Children's Health Insurance Program	93.767	0540114/0540113	7,229
Medical Assistance Program	93.778	1200114/1200113	214,759
Total Department of Health and Human Services			\$ 815,897
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grants	10.766	N/A	\$ 6,578,971
Total Department of Agriculture - direct			\$ 6,578,971
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution Service	10.555	10.555/2013/2014	\$ 50,122
National school lunch program	10.555	10.555/2013/2014	435,330
Total 10.555			\$ 485,452
School Breakfast Program	10.553	10.553/2013/2014	173,511
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010114/0010113	244,778
Total Department of Agriculture			\$ 7,482,712
Department of Housing and Urban Development:			
Direct Payments:			
Section 8 Housing Assistance Payments Program	14.195	N/A	\$ 16,200
Total Department of Housing and Urban Development			\$ 16,200
Department of the Treasury:			
Direct Payments:			
Asset Forfeiture	21.000	N/A	\$ 26,346
Total Department of the Treasury			\$ 26,346
Department of Homeland Security:			
Direct Payments:			
Emergency Food and Shelter National Board Program	97.024	N/A	\$ 1,625
Total Department of Homeland Security			\$ 1,625

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Virginia Compensation Board:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-51100/51000	\$ 56,174
Total Department of Justice			\$ 56,174
Department of Transportation:			
Direct Payments:			
Highway planning and construction	20.205	N/A	\$ 4,792
Pass Through Payments:			
Department of Motor Vehicles:			
National Priority Safety Programs	20.616	60507-54359	\$ 756
State and Community Highway Safety	20.600	60507-53433/54226	9,687
Alcohol Open Container Requirements	20.607	60507-53472/54227	19,113
Total Department of Transportation			\$ 34,348
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A130046/ S010A120046	\$ 452,805
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	H027A120107/ H027A130107	346,092
Special Education - Preschool Grants	84.173	H173A130112	18,414
Migrant Education - State Grant Program	84.011	S011A120047	64,951
Career and Technical Education - Basic Grants to States	84.048	V048A120046/ V048A130046	20,047
Migrant Education - Coordination Program	84.144	S144F120047/ S144F130047	8,573
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	17117-2014	13,700
Rural Education	84.358	S358B120046	30,291
English Language Acquisition State Grants	84.365	S365A130046 S365A120046	4,749
Improving Teacher Quality State Grants	84.367	S367A130044 S367A120044	86,993
School Improvement Grants	84.377	S377A090047	12,550
Total Department of Education			\$ 1,059,165
Total Expenditures of Federal Awards			\$ 9,492,467

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, 2014

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, 2014. 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 position, 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 - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.

Note 4 - 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	\$ 1,196,786
General Fund - Rural Development Loan Proceeds	6,578,971
Less: Payments in Lieu of Taxes	(1,418)
Total primary government	<u>\$ 7,774,339</u>

Component Unit School Board:

School Operating Fund	\$ 1,153,020
School Cafeteria Fund	662,430
Total Component Unit School Board	<u>\$ 1,815,450</u>

Total expenditures of federal awards per basic
financial statements

\$ 9,589,789

Less: Interest Subsidy

\$ (97,322)

Total expenditures of federal awards per the Schedule of Expenditures
of Federal Awards

\$ 9,492,467

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) reported?	No
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 auditors' report issued on compliance for major programs:	Unmodified
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>
10.766	Community Facilities Loans and Grants
84.010	Title I Grants to Local Educational Agencies

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

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014 (continued)

Section II - Financial Statement Findings

2014-001 - Bank Reconciliation:

Criteria:

The reconciliation of material cash balances in the automated accounting system to a detailed bank statement is a critical internal control for the prevention of material misstatements in the financial statements.

Condition:

The primary checking account statement for the month ended June 30, 2014 had a unreconciled variance between the bank reconciliation and the balance reported in the automated accounting system.

Cause and Context of Condition:

The position of the Treasurer experienced a turnover on May 30, 2014 as the former Treasurer retired. All cash balances as of May 30, 2014 were reconciled. Subsequent to the turnover in the Treasurer position, internal controls over the bank reconciliation process were not operating effectively.

Effect of Condition:

The cash amounts recorded in the automated accounting system may not be accurate leading to misstatements of cash balances.

Recommendation:

The Treasurer's Office should make improvements to the bank reconciliation process to make the reconciliations as timely, efficient and accurate as possible. All reconciling items should be investigated and, if needed, communicate with the Finance Department any necessary adjustments to be posted in the automated accounting system. This entire process should be completed within 15 days of month end to ensure that all transactions are properly recorded in the automated accounting system and to prevent bank overdrafts.

Management's Response:

There has been another turnover of the Treasurer position subsequent to June 30, 2014. The County is taking steps to ensure that bank reconciliations are completed in a accurate and timely manner.

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, 2014

There were no prior year audit findings.