

COUNTY OF WESTMORELAND, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

COUNTY OF WESTMORELAND, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

COUNTY OF WESTMORELAND, VIRGINIA

BOARD OF SUPERVISORS

W.W. Hynson, Chairman

Darryl E. Fisher, Vice-Chairman

Lynn Brownley

Russ Culver

Larry Roberson

SCHOOL BOARD

Daniel Wallace, Chairman

Edith Hutt, Vice-Chairman

G. Bryan Oliff
Rosemary Mahan

Gernard Reed

BOARD OF SOCIAL SERVICES

Joan Powell, Chairman

Linda Crandell, Vice-Chairman

F.C. "Doc" Dugan
Frances Jenkins

Bob Worthy

OTHER OFFICIALS

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

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

COUNTY OF WESTMORELAND, VIRGINIA

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Year Ended June 30, 2010

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Westmoreland, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Westmoreland, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Westmoreland, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2011 on our consideration of the County of Westmoreland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and the schedules of pension funding progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Westmoreland, Virginia, basic financial statements. The combining and individual nonmajor fund financial statements and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Westmoreland, Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Robinson, Tamm, Cox Associates

Fredericksburg, Virginia
January 19, 2011

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

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

As management of the County of Westmoreland, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010.

Financial Highlights

Government-wide Financial Statements

- On a government-wide basis for governmental activities, the assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$9,910,250 (net assets). For business-type activities, assets exceeded liabilities by \$19,543,041.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures of \$204,872 (Exhibit 5) after making contributions totaling \$6,943,681 to the School Board.

- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of \$9,531,990, an increase of \$204,872 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,124,443 or 32% of total general fund expenditures.
- Combined long-term obligations for the governmental funds decreased \$2,164,635 during the current fiscal year.
- As of the close of the current fiscal year, the County's proprietary funds reported ending net assets of \$19,543,041, a decrease of \$680,447.
- Combined long-term obligations in the proprietary funds decreased \$76,623 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Overview of the Financial Statements: (Continued)

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County's governmental activities, assets exceeded liabilities by \$7,808,538 at the close of the most recent fiscal year.

Summary Statement of Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 10,631,161	\$ 10,329,164	\$ 1,790,955	\$ 3,718,440	\$ 12,422,116	\$ 14,047,604
Capital assets	<u>5,827,862</u>	<u>6,234,470</u>	<u>24,190,724</u>	<u>21,236,144</u>	<u>30,018,586</u>	<u>27,470,614</u>
Total assets	<u>\$ 16,459,023</u>	<u>\$ 16,563,634</u>	<u>\$ 25,981,679</u>	<u>\$ 24,954,584</u>	<u>\$ 42,440,702</u>	<u>\$ 41,518,218</u>
Long-term liabilities	\$ 5,878,338	\$ 8,042,973	\$ 6,131,335	\$ 6,054,712	\$ 12,009,673	\$ 14,097,685
Current liabilities	<u>670,435</u>	<u>712,123</u>	<u>307,303</u>	<u>37,278</u>	<u>977,738</u>	<u>749,401</u>
Total liabilities	<u>\$ 6,548,773</u>	<u>\$ 8,755,096</u>	<u>\$ 6,438,638</u>	<u>\$ 6,091,990</u>	<u>\$ 12,987,411</u>	<u>\$ 14,847,086</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 3,900,644	\$ 3,614,139	\$ 18,079,614	\$ 15,200,182	\$ 21,980,258	\$ 18,814,321
Restricted	-	-	538,620	299,818	538,620	299,818
Unrestricted	<u>6,009,606</u>	<u>4,194,399</u>	<u>924,807</u>	<u>3,362,594</u>	<u>6,934,413</u>	<u>7,556,993</u>
Total net assets	<u>\$ 9,910,250</u>	<u>\$ 7,808,538</u>	<u>\$ 19,543,041</u>	<u>\$ 18,862,594</u>	<u>\$ 29,453,291</u>	<u>\$ 26,671,132</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 \$3900,644 for governmental activities. The County uses these capital assets to provide services to citizens therefore; these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's net assets increased by \$2,782,159 during the current fiscal year.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities and business-type activities increased / (decreased) the County's net assets by \$2,101,712 and (\$680,447) respectively. Key elements of these changes are as follows:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 420,211	\$ 441,021	\$ 949,107	\$ 800,419	\$ 1,369,318	\$ 1,241,440
Operating grants and contributions	4,392,794	4,648,725	98,061	247,521	4,490,855	4,896,246
Capital grants and contributions	115,384	-	1,156,400	-	1,271,784	-
General revenues:						
General property taxes	13,996,800	14,058,354	-	-	13,996,800	14,058,354
Other local taxes	1,756,532	2,457,899	-	-	1,756,532	2,457,899
Grants and other contributions not restricted	1,938,603	1,294,332	-	-	1,938,603	1,294,332
Use of money and property	368,621	594,528	28,560	82,195	397,181	676,723
Miscellaneous	2,642,087	600,033	-	-	2,642,087	600,033
Total revenues	\$ 25,631,032	\$ 24,094,892	\$ 2,232,128	\$ 1,130,135	\$ 27,863,160	\$ 25,225,027
Expenses:						
General government administration	\$ 2,152,355	\$ 2,127,728	\$ -	\$ -	\$ 2,152,355	\$ 2,127,728
Judicial administration	882,825	920,085	-	-	882,825	920,085
Public safety	4,100,518	4,070,888	-	-	4,100,518	4,070,888
Public works	4,181,907	2,935,668	-	-	4,181,907	2,935,668
Health and welfare	3,479,544	3,677,723	-	-	3,479,544	3,677,723
Education	7,172,995	7,096,142	-	-	7,172,995	7,096,142
Parks, recreation, and cultural	531,032	531,349	-	-	531,032	531,349
Community development	676,913	477,332	-	-	676,913	477,332
Interest on long-term debt	357,319	409,540	-	-	357,319	409,540
Water and Sewer	-	-	1,545,593	1,457,659	1,545,593	1,457,659
Total expenses	\$ 23,535,408	\$ 22,246,455	\$ 1,545,593	\$ 1,457,659	\$ 25,081,001	\$ 23,704,114
Increase (decrease) in net assets before transfers	\$ 2,095,624	\$ 1,848,437	\$ 686,535	\$ (327,524)	\$ 2,782,159	\$ 1,520,913
Transfers	6,088	(1,412)	(6,088)	1,412	-	-
Increase in net assets	\$ 2,101,712	\$ 1,847,025	\$ 680,447	\$ -326,112	\$ 2,782,159	\$ 1,520,913
Net assets, July 1	7,808,538	5,961,513	18,862,594	19,188,706	26,671,132	25,150,219
Net assets, June 30	\$ 9,910,250	\$ 7,808,538	\$ 19,543,041	\$ 18,862,594	\$ 29,453,291	\$ 26,671,132

Government-wide Financial Analysis: (Continued)

- The increase in the governmental activities net assets was largely attributable to an increase in miscellaneous revenue of \$2,042,054 related to one-time payment from Northern Neck Regional Jail used to refund long-term obligations during the year.
- Net assets for business-type activities showed an increase of \$680,447. The increase was largely due to a increase in Capital Grants & Contributions of \$1,156,400.

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 \$9,531,990 an increase of \$204,872 in comparison with the prior year. Approximately 83% of this total amount constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

Proprietary Funds - The focus of the County's proprietary funds is upon determination of net income, financial position, and changes in financial position. Funds are accounted for in a manner similar to private business enterprises. The County's proprietary funds consist of the Water, Coles Point Wastewater, Montross Sewer Fund, and Washington District S/W Funds. The proprietary funds reflected a combined increase in net assets of \$680,447.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$1,204,259 in expenditures and can be briefly summarized as follows:

- \$122,820 in increases for general government administration
- \$33,380 in increases for judicial administration
- \$395,079 in increases for public safety
- \$303,851 in increases for public works
- \$118,617 in increases for health and welfare
- \$103,947 in increases for capital projects
- \$126,565 in other increases

Of this increase, \$106,712 was to be funded from recovered costs. The remaining \$1,097,547 was to be budgeted from available fund balance and other revenue increases. During the year, however, expenditures were less than budgetary estimates by \$1,796,518, thus eliminating the need to draw upon \$765,350 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, 2010 amounts to \$5,827,862 (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 \$24,190,724 as of June 30, 2010. 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 debt outstanding of \$5,878,338 for its governmental operations. Of this amount \$3,927,404 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations \$1,950,934 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). Business-type debt is comprised of \$6,111,110 bonds secured solely by water and sewer revenues and compensated absences of \$20,225.

The County's total debt outstanding decreased by \$2,088,012 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 7.4 percent, which is a increase from a rate of 5.3 percent a year ago. This is slightly higher than the state's average unemployment rate of 6.4 percent and compares favorably to the national average rate of 10.2 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 2011 fiscal year.

The fiscal year 2011 general fund budget amounted to \$24,575,824.

Requests for Information

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

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Assets

June 30, 2010

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit School Board
ASSETS				
Cash and cash equivalents	\$ 5,634,771	\$ 634,891	\$ 6,269,662	\$ 252,015
Investments	3,496,874	356,919	3,853,793	1,561,412
Receivables (net of allowance for uncollectibles):				
Taxes receivable	660,920	-	660,920	-
Accounts receivable	95,099	70,980	166,079	122,301
Notes receivable	15,737	-	15,737	-
Due from other governmental units	727,760	189,545	917,305	1,021,219
Restricted assets:				
Temporarily restricted:				
Cash and investments	-	538,620	538,620	-
Capital assets (net of accumulated depreciation):				
Land	378,301	427,377	805,678	258,916
Buildings and system	4,834,476	21,122,770	25,957,246	7,373,058
Machinery and equipment	615,085	64,754	679,839	863,380
Construction in progress	-	2,575,823	2,575,823	-
Total assets	\$ 16,459,023	\$ 25,981,679	\$ 42,440,702	\$ 11,452,301
LIABILITIES				
Accounts payable	\$ 475,816	\$ 289,686	\$ 765,502	\$ 141,607
Accrued liabilities	-	-	-	1,542,982
Customers' deposits	-	11,825	11,825	-
Accrued interest payable	151,290	5,792	157,082	44,139
Due to other governmental units	43,329	-	43,329	70,414
Long-term liabilities:				
Due within one year	488,676	83,425	572,101	223,146
Due in more than one year	5,389,662	6,047,910	11,437,572	2,814,876
Total liabilities	\$ 6,548,773	\$ 6,438,638	\$ 12,987,411	\$ 4,837,164
NET ASSETS				
Invested in capital assets, net of related debt	\$ 3,900,644	\$ 18,079,614	\$ 21,980,258	\$ 6,403,447
Restricted for:				
Debt service and bond covenants	-	538,620	538,620	-
Unrestricted (deficit)	6,009,606	924,807	6,934,413	211,690
Total net assets	\$ 9,910,250	\$ 19,543,041	\$ 29,453,291	\$ 6,615,137

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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,152,355	\$ -	\$ 247,041	\$ -
Judicial administration	882,825	127,346	430,787	-
Public safety	4,100,518	42,916	1,347,813	-
Public works	4,181,907	249,715	7,765	-
Health and welfare	3,479,544	-	2,358,044	-
Education	7,172,995	-	-	-
Parks, recreation, and cultural	531,032	234	1,344	-
Community development	676,913	-	-	115,384
Interest on long-term debt	357,319	-	-	-
Total governmental activities	\$ 23,535,408	\$ 420,211	\$ 4,392,794	\$ 115,384
Business-type activities:				
Water	\$ 62,795	\$ 30,479	\$ -	\$ -
Sewer	1,482,798	918,628	98,061	1,156,400
Total business-type activities	\$ 1,545,593	\$ 949,107	\$ 98,061	\$ 1,156,400
Total primary government	\$ 25,081,001	\$ 1,369,318	\$ 4,490,855	\$ 1,271,784
COMPONENT UNIT:				
School Board	\$ 18,950,680	\$ 276,256	\$ 10,785,498	\$ -

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
Change in net assets
Net assets - beginning
Net assets - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (1,905,314)		\$ (1,905,314)	
(324,692)		(324,692)	
(2,709,789)		(2,709,789)	
(3,924,427)		(3,924,427)	
(1,121,500)		(1,121,500)	
(7,172,995)		(7,172,995)	
(529,454)		(529,454)	
(561,529)		(561,529)	
(357,319)		(357,319)	
<u>\$ (18,607,019)</u>		<u>\$ (18,607,019)</u>	
	\$ (32,316)	\$ (32,316)	
	690,291	690,291	
	<u>\$ 657,975</u>	<u>\$ 657,975</u>	
	<u>\$ 657,975</u>	<u>\$ (17,949,044)</u>	
			\$ <u>(7,888,926)</u>
\$ 13,996,800	\$ -	\$ 13,996,800	\$ -
676,409	-	676,409	-
319,844	-	319,844	-
508,042	-	508,042	-
190,162	-	190,162	-
62,075	-	62,075	-
368,621	28,560	397,181	29,506
2,642,087	-	2,642,087	369,676
-	-	-	7,116,037
1,938,603	-	1,938,603	-
6,088	(6,088)	-	-
<u>\$ 20,708,731</u>	<u>\$ 22,472</u>	<u>\$ 20,731,203</u>	<u>\$ 7,515,219</u>
2,101,712	680,447	2,782,159	(373,707)
7,808,538	18,862,594	26,671,132	6,988,844
<u>\$ 9,910,250</u>	<u>\$ 19,543,041</u>	<u>\$ 29,453,291</u>	<u>\$ 6,615,137</u>

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2010

	General	General Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 5,565,417	\$ 11,840	\$ 57,514	\$ 5,634,771
Investments	2,747,861	558,457	190,556	3,496,874
Receivables (net of allowance for uncollectibles):				
Taxes receivable	660,920	-	-	660,920
Accounts receivable	83,908	-	11,191	95,099
Notes receivable	15,737	-	-	15,737
Due from other governmental units	727,760	-	-	727,760
Total assets	<u>\$ 9,801,603</u>	<u>\$ 570,297</u>	<u>\$ 259,261</u>	<u>\$ 10,631,161</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 475,816	\$ -	\$ -	\$ 475,816
Due to other governmental units	43,329	-	-	43,329
Deferred revenue	580,026	-	-	580,026
Total liabilities	<u>\$ 1,099,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,099,171</u>
Fund balances:				
Reserved for:				
Reassessment	\$ 173,441	\$ -	\$ -	\$ 173,441
Rescue recovery	15,651	-	-	15,651
Subsequent year's expenditures	1,388,897	-	-	1,388,897
Unreserved, reported in:				
General fund	7,124,443	-	-	7,124,443
Debt service funds	-	-	259,261	259,261
Capital projects funds	-	570,297	-	570,297
Total fund balances	<u>\$ 8,702,432</u>	<u>\$ 570,297</u>	<u>\$ 259,261</u>	<u>\$ 9,531,990</u>
Total liabilities and fund balances	<u>\$ 9,801,603</u>	<u>\$ 570,297</u>	<u>\$ 259,261</u>	<u>\$ 10,631,161</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	9,531,990
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	378,301	
Buildings and improvements, net of depreciation		4,834,476	
Machinery and equipment, net of depreciation		<u>615,085</u>	5,827,862
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			580,026
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Accrued interest on debt	\$	(151,290)	
Bonds and notes payable		(4,101,680)	
Compensated absences		(457,211)	
Capital leases		-	
Landfill accrued closure/post-closure costs		<u>(1,319,447)</u>	<u>(6,029,628)</u>
Net assets of governmental activities		\$	<u><u>9,910,250</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, 2010

	General	General Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 13,882,214	\$ -	\$ -	\$ 13,882,214
Other local taxes	1,756,532	-	-	1,756,532
Permits, privilege fees, and regulatory licenses	247,734	-	-	247,734
Fines and forfeitures	117,645	-	-	117,645
Revenue from the use of money and property	187,951	12,381	168,289	368,621
Charges for services	50,446	-	4,386	54,832
Miscellaneous	85,959	-	2,556,128	2,642,087
Recovered costs	749,569	3,250	-	752,819
Intergovernmental revenues:				
Commonwealth	5,072,705	-	-	5,072,705
Federal	1,258,692	115,384	-	1,374,076
Total revenues	\$ 23,409,447	\$ 131,015	\$ 2,728,803	\$ 26,269,265
EXPENDITURES				
Current:				
General government administration	\$ 2,060,753	\$ -	\$ -	\$ 2,060,753
Judicial administration	877,830	-	-	877,830
Public safety	4,585,658	-	-	4,585,658
Public works	2,878,497	-	-	2,878,497
Health and welfare	3,380,986	-	-	3,380,986
Education	6,952,571	-	-	6,952,571
Parks, recreation, and cultural	515,150	-	-	515,150
Community development	514,554	-	-	514,554
Nondepartmental	131,460	-	-	131,460
Capital projects	50,557	160,814	-	211,371
Debt service:				
Principal retirement	469,585	54,544	460,504	984,633
Interest and other fiscal charges	85,249	23,986	259,893	369,128
Total expenditures	\$ 22,502,850	\$ 239,344	\$ 720,397	\$ 23,462,591
Excess (deficiency) of revenues over (under) expenditures	\$ 906,597	\$ (108,329)	\$ 2,008,406	\$ 2,806,674
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 6,088	\$ 78,530	\$ 25,105	\$ 109,723
Transfers out	(63,813)	(39,822)	-	(103,635)
Payment to refunded bonds escrow agent	-	-	(2,607,890)	(2,607,890)
Total other financing sources (uses)	\$ (57,725)	\$ 38,708	\$ (2,582,785)	\$ (2,601,802)
Net change in fund balances	\$ 848,872	\$ (69,621)	\$ (574,379)	\$ 204,872
Fund balances - beginning	7,853,560	639,918	833,640	9,327,118
Fund balances - ending	\$ 8,702,432	\$ 570,297	\$ 259,261	\$ 9,531,990

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, 2010

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

Net change in fund balances - total governmental funds	\$	204,872
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	188,055	
Capital asset disposals		(113,656)	
Depreciation expense		(418,038)	
Depreciation adjustment for disposals		<u>109,387</u>	(234,252)

Transfer of joint tenancy assets from Primary Government to the Component Unit			(172,356)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			114,586
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Increase in landfill accrued closure/post-closure liability	\$	(1,285,742)	
Lease revenue bonds		2,987,630	
State literary fund loans		249,000	
Capital lease		<u>220,585</u>	2,171,473

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	\$	(6,838)	
Accrued interest on debt		<u>24,227</u>	<u>17,389</u>

Change in net assets of governmental activities		\$	<u><u>2,101,712</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets
 Proprietary Funds
 June 30, 2010

	Enterprise Funds				
	Water Fund	Coles Point Wastewater Fund	Washington District S/W Fund	Montross Sewer Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 54,301	\$ 14,000	\$ 413,422	\$ 153,168	\$ 634,891
Investments	3,436	353,270	-	213	356,919
Accounts receivable, net of allowance for uncollectibles	4,378	19,842	23,298	23,462	70,980
Due from other governmental units	-	133,382	-	56,163	189,545
Total current assets	<u>\$ 62,115</u>	<u>\$ 520,494</u>	<u>\$ 436,720</u>	<u>\$ 233,006</u>	<u>\$ 1,252,335</u>
Noncurrent assets:					
Restricted assets:					
Cash and investments	\$ 16,800	\$ 125,352	\$ 342,468	\$ 54,000	\$ 538,620
Total restricted assets	<u>\$ 16,800</u>	<u>\$ 125,352</u>	<u>\$ 342,468</u>	<u>\$ 54,000</u>	<u>\$ 538,620</u>
Capital assets:					
Land	\$ -	\$ 340,840	\$ 40,180	\$ 46,357	\$ 427,377
Buildings and system	1,183,857	8,380,257	9,130,384	5,360,621	24,055,119
Machinery and equipment	-	99,623	-	3,395	103,018
Less: accumulated depreciation	(468,402)	(1,718,417)	(457,018)	(326,776)	(2,970,613)
Construction in progress	-	-	2,575,823	-	2,575,823
Total capital assets	<u>\$ 715,455</u>	<u>\$ 7,102,303</u>	<u>\$ 11,289,369</u>	<u>\$ 5,083,597</u>	<u>\$ 24,190,724</u>
Total noncurrent assets	<u>\$ 732,255</u>	<u>\$ 7,227,655</u>	<u>\$ 11,631,837</u>	<u>\$ 5,137,597</u>	<u>\$ 24,729,344</u>
Total assets	<u>\$ 794,370</u>	<u>\$ 7,748,149</u>	<u>\$ 12,068,557</u>	<u>\$ 5,370,603</u>	<u>\$ 25,981,679</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ -	\$ 140,700	\$ 112,066	\$ 36,920	\$ 289,686
Customers' deposits	-	11,825	-	-	11,825
Accrued interest payable	633	2,841	1,091	1,227	5,792
Compensated absences	-	1,537	-	486	2,023
Bonds payable - current portion	4,222	36,363	30,765	10,052	81,402
Total current liabilities	<u>\$ 4,855</u>	<u>\$ 193,266</u>	<u>\$ 143,922</u>	<u>\$ 48,685</u>	<u>\$ 390,728</u>
Noncurrent liabilities:					
Bonds payable - net of current portion	\$ 277,203	\$ 2,276,143	\$ 2,505,213	\$ 971,149	\$ 6,029,708
Compensated absences	-	13,833	-	4,369	18,202
Total noncurrent liabilities	<u>\$ 277,203</u>	<u>\$ 2,289,976</u>	<u>\$ 2,505,213</u>	<u>\$ 975,518</u>	<u>\$ 6,047,910</u>
Total liabilities	<u>\$ 282,058</u>	<u>\$ 2,483,242</u>	<u>\$ 2,649,135</u>	<u>\$ 1,024,203</u>	<u>\$ 6,438,638</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 434,030	\$ 4,789,797	\$ 8,753,391	\$ 4,102,396	\$ 18,079,614
Restricted for debt service and bond covenants	16,800	125,352	342,468	54,000	538,620
Unrestricted	61,482	349,758	323,563	190,004	924,807
Total net assets	<u>\$ 512,312</u>	<u>\$ 5,264,907</u>	<u>\$ 9,419,422</u>	<u>\$ 4,346,400</u>	<u>\$ 19,543,041</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2010

	Enterprise Funds				Total
	Water Fund	Coles Point Wastewater Fund	Washington District S/W Fund	Montross Sewer Fund	
OPERATING REVENUES					
Charges for services:					
Water revenues	\$ 27,240	\$ -	\$ -	\$ -	\$ 27,240
Sewer revenues	-	277,382	312,959	257,579	847,920
Tap fees	3,000	-	-	32,000	35,000
Other revenues	239	17,607	4,037	17,064	38,947
Total operating revenues	<u>\$ 30,479</u>	<u>\$ 294,989</u>	<u>\$ 316,996</u>	<u>\$ 306,643</u>	<u>\$ 949,107</u>
OPERATING EXPENSES					
Water	\$ 2,587	\$ -	\$ -	\$ -	\$ 2,587
Sewer	-	243,158	-	154,749	397,907
Other expenses	100	6,514	32,065	-	38,679
Depreciation	47,354	315,728	228,509	162,297	753,888
Total operating expenses	<u>\$ 50,041</u>	<u>\$ 565,400</u>	<u>\$ 260,574</u>	<u>\$ 317,046</u>	<u>\$ 1,193,061</u>
Operating income (loss)	<u>\$ (19,562)</u>	<u>\$ (270,411)</u>	<u>\$ 56,422</u>	<u>\$ (10,403)</u>	<u>\$ (243,954)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue - Federal	\$ -	\$ 890,000	\$ -	\$ 266,400	\$ 1,156,400
Investment earnings	135	12,509	15,600	316	28,560
Availability/connection fees	-	4,800	93,261	-	98,061
Interest expense	(12,754)	(90,295)	(98,934)	(44,378)	(246,361)
Other nonoperating item	-	1,160	(107,331)	-	(106,171)
Total nonoperating revenues (expenses)	<u>\$ (12,619)</u>	<u>\$ 818,174</u>	<u>\$ (97,404)</u>	<u>\$ 222,338</u>	<u>\$ 930,489</u>
Income before transfers	<u>\$ (32,181)</u>	<u>\$ 547,763</u>	<u>\$ (40,982)</u>	<u>\$ 211,935</u>	<u>\$ 686,535</u>
Transfers in	\$ -	\$ 5,546	\$ -	\$ -	\$ 5,546
Transfers out	-	-	(11,634)	-	(11,634)
Change in net assets	<u>\$ (32,181)</u>	<u>\$ 553,309</u>	<u>\$ (52,616)</u>	<u>\$ 211,935</u>	<u>\$ 680,447</u>
Total net assets - beginning	<u>544,493</u>	<u>4,711,598</u>	<u>9,472,038</u>	<u>4,134,465</u>	<u>18,862,594</u>
Total net assets - ending	<u>\$ 512,312</u>	<u>\$ 5,264,907</u>	<u>\$ 9,419,422</u>	<u>\$ 4,346,400</u>	<u>\$ 19,543,041</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, 2010

	Enterprise Funds				
	Water Fund	Coles Point Wastewater Fund	Washington District S/W Fund	Montross Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 30,448	\$ 295,783	\$ 313,837	\$ 302,816	\$ 942,884
Payments to suppliers	(2,790)	(3,926)	66,125	(70,902)	(11,493)
Payments to and for employees	-	(106,351)	-	(50,259)	(156,610)
Net cash provided (used) by operating activities	\$ 27,658	\$ 185,506	\$ 379,962	\$ 181,655	\$ 774,781
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	\$ -	\$ -	\$ (11,634)	\$ -	\$ (11,634)
Transfers from other funds	-	5,546	-	-	5,546
Net cash provided (used) by noncapital financing activities	\$ -	\$ 5,546	\$ (11,634)	\$ -	\$ (6,088)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Additions to utility plant	\$ -	\$ (890,000)	\$ (2,599,823)	\$ (218,645)	\$ (3,708,468)
Principal payments on bonds	(4,037)	(35,014)	(29,524)	(9,610)	(78,185)
Contributions in aid of construction	-	761,838	-	210,237	972,075
Proceeds from indebtedness	-	-	153,332	-	153,332
Interest payments	(12,763)	(90,338)	(98,948)	(44,390)	(246,439)
Availability/connection fees	-	4,800	93,261	-	98,061
Other	-	1,160	(107,331)	-	(106,171)
Net cash provided (used) by capital and related financing activities	\$ (16,800)	\$ (247,554)	\$ (2,589,033)	\$ (62,408)	\$ (2,915,795)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (purchase) of investments	\$ (24)	\$ 80,096	\$ 2,232,768	\$ (44,220)	\$ 2,268,620
Interest and dividends received	135	12,509	15,600	316	28,560
Net cash provided (used) by investing activities	\$ 111	\$ 92,605	\$ 2,248,368	\$ (43,904)	\$ 2,297,180
Net increase (decrease) in cash and cash equivalents	\$ 10,969	\$ 36,103	\$ 27,663	\$ 75,343	\$ 150,078
Cash and cash equivalents - beginning	43,332	(22,103)	385,759	77,825	484,813
Cash and cash equivalents - ending	\$ 54,301	\$ 14,000	\$ 413,422	\$ 153,168	\$ 634,891
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (19,562)	\$ (270,411)	\$ 56,422	\$ (10,403)	\$ (243,954)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	\$ 47,354	\$ 315,728	\$ 228,509	\$ 162,297	\$ 753,888
(Increase) decrease in accounts receivable	(31)	286	(3,159)	(3,827)	(6,731)
Increase (decrease) in customer deposits	-	508	-	-	508
Increase (decrease) in accounts payable	(103)	137,331	98,190	34,177	269,595
Increase (decrease) in compensated absences	-	2,064	-	(589)	1,475
Total adjustments	\$ 47,220	\$ 455,917	\$ 323,540	\$ 192,058	\$ 1,018,735
Net cash provided (used) by operating activities	\$ 27,658	\$ 185,506	\$ 379,962	\$ 181,655	\$ 774,781

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 198,519
Investments, at fair value:	
U.S. government obligations	32,668
Corporate bonds	5,171
Total assets	\$ <u>236,358</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 53,795
Amounts held for social services clients	14,060
Amounts held for others	14,194
Amounts held for Bridge House	48,025
Amounts held for alternative education program	106,284
Total liabilities	\$ <u>236,358</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, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

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

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

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

A. Financial Reporting Entity

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

Government-wide Financial Statements: The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

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

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

A. Financial Reporting Entity (Continued)

Budgetary Comparison Schedules: Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The County and many other governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, final budget, and actual results.

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

Inclusions in the Reporting Entity:

1. Component Unit:

a. Westmoreland County School Board:

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

Exclusions from the Reporting Entity:

1. Jointly Governed Organizations:

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

A. Financial Reporting Entity (Continued)

Exclusions from the Reporting Entity: (Continued)

1. Jointly Governed Organizations: (Continued)

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

a. Northern Neck Regional Jail

The Northern Neck Regional Jail is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The counties of Richmond, Northumberland, and Westmoreland and the Town of Warsaw provide the financial support for the Jail through the assessment of user fees for prisoner care and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The Westmoreland County Board of Supervisors appoints two (2) of the seven (7) members of the Jail Board. No one locality contributes more than 50% of the Authority's funding or has oversight responsibility over its operations. The County of Westmoreland acts as fiscal agent for the Authority. An annual payment for debt services is made. This amounted to \$243,831 in 2010.

b. Rappahannock Regional Library

The Rappahannock Regional Library is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Counties of Westmoreland, Stafford and Spotsylvania and the City of Fredericksburg provide the financial support for the Library and appoint its governing Board, in which is vested the ability to execute contracts and to budget and to expend funds. The County appoints one (1) of the seven (7) members of the Board. No one locality contributes more than 50% of the Library's funding. The County provided \$352,958 in operating funds to the Library in 2010.

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, 2010.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

A. 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 \$180,505 to the Middle Peninsula Juvenile Detention Commission for the fiscal year ended June 30, 2010.

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. While the previous reporting model emphasized fund types (the total of all funds of a particular type), in the GASB 34 reporting model the focus is on either the County as a whole or major individual funds (within the fund financial statements). The focus is on both the County as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The County generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Internal service charges if applicable, are eliminated and the net income or loss from internal service activities are allocated to the various functional expense categories based on the internal charges to each function.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

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

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

The County's fiduciary funds are presented in the fund financial statements by type (private purpose, if applicable, and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the County in FY 2010.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

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

1. Governmental Funds:

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

- a. General Fund - The General Fund is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations of the County which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants. The General Fund is considered a major fund for financial reporting purposes.
- b. Debt Service Funds - The Debt Service Funds account for the accumulation of resources for and the payment of general obligation debt. The Debt Service Funds consist of the following funds.
 - County Facilities Fund - This fund accounts for debt service activities for the County's share of the regional jail and library facilities.
 - A.T. Johnson Fund - This fund accounts for rents received from various departments using facilities to fund payment of debt service.
- c. Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. Capital Projects Funds consist of the General Capital Projects Fund. The General Capital Projects Fund is considered a major fund for financial reporting purposes.

2. Proprietary Funds:

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

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

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

2. Proprietary Funds: (Continued)

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

3. Fiduciary Funds (Trust and Agency Funds):

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

a. Agency Funds:

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

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

4. Component Unit:

Westmoreland County School Board:

The Westmoreland County School Board has the following funds:

Governmental Funds:

- School Operating Fund - This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Westmoreland and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.
- School Cafeteria Fund - This 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.
- School Capital Projects Fund - This fund accounts for school construction and related expenditures of the Public School System.

C. Basis of Accounting

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

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

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

C. Basis of Accounting: (Continued)

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

D. Budgets and Budgetary Accounting

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

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

Encumbrances:

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve 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 reservations 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, 2010 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

Encumbrances: (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, 2010, as adopted, appropriated and legally amended.
9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. State law requires that if budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget.

E. Investments

Investments are reported at fair value.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

F. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$130,851 at June 30, 2010 and is comprised of the following:

General Fund--taxes receivable	\$ 130,851
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G. Prepaid Expenses

Prepaid expenses are reported on the consumption method.

H. Capital Assets

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

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

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

Buildings	10 to 40 years
Equipment	5 to 10 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 2010.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

I. Compensated Absences

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

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

J. Use of Estimates

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

K. Long-Term Obligations

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

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

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, 2010 were held in the County's name by the County's custodial bank.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (Continued)

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 Services.

The County's rated debt investments as of June 30, 2010 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.

Locality's Rated Debt Investments' Values				
Rated Debt Investments	Fair Quality Ratings			
	AAA	AA+	AA-	
U.S. Agencies	\$ 2,576,704	\$ -	\$ -	
Corporate Debt	2,840,501	42,915	36,141	
Money Market Mutual Fund	2,929,699	-	-	
Total	\$ 8,346,904	\$ 42,915	\$ 36,141	

Concentration of Credit Risk

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

Interest Rate Risk

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (Continued)

Interest Rate Risk: (Continued)

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	\$ 362,081	\$ -	\$ 362,081	\$ -
U.S. Agencies	2,576,704	1,921,962	466,747	187,995
Corporate Bonds	2,919,557	644,599	2,274,958	-
Total	\$ 5,858,342	\$ 2,566,561	\$ 3,103,786	\$ 187,995

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 2009 were levied by the County Board of Supervisors on May 11, 2009, on the assessed value listed as of January 1, 2009.

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 deferred revenues.

On April 18, 2000 the County adopted a resolution which established a separate tax district to pay all or any portion of the County's expenditures for operating the Westmoreland County school division. This resulted in two separate sets of tax rates. One set of rates for taxpayers residing in the area of the Town of Colonial Beach, and a different set of rates for those residing in the remainder of the County. For calendar year 2009 the rates per \$100 of assessed value were as follows:

	Colonial Beach	All Other
Real Estate	0.31	0.50
Personal Property	1.86	3.00
Machinery and Tools	0.65	1.50
Merchants Capital	0.26	0.50

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 4 - RECEIVABLES:

Accounts Receivable:

Receivables at June 30, 2010 consist of the following:

	Primary Government Governmental Activities			Business- Type Activities	Component Unit School Board
	General	Debt Service	Total		
Property taxes	\$ 791,771	\$ -	\$ 791,771	\$ -	\$ -
Utility taxes	26,927	-	26,927	-	-
Tax on deeds	29,956	-	29,956	-	-
E-Rate	-	-	-	-	74,620
Water and sewer charges	-	-	-	70,980	-
Other	27,025	11,191	38,216	-	47,681
Total	\$ 875,679	\$ 11,191	\$ 886,870	\$ 70,980	\$ 122,301
Allowance for uncollectibles	(130,851)	-	(130,851)	-	-
Net receivables	\$ 744,828	\$ 11,191	\$ 756,019	\$ 70,980	\$ 122,301

Notes Receivable:

The County had notes receivable from VA Broadband, Inc. at June 30, 2010 in the amount of \$15,737.

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2010:

	Governmental Activities General	Business- Type Activities	Component Unit School Board
Commonwealth of Virginia:			
Local sales taxes	\$ 177,034	-	\$ -
Communication taxes	112,466	-	-
State sales taxes	-	-	298,744
Social Services	43,571	-	-
Comprehensive Services Act	152,695	-	-
Shared expenses and grants	131,946	-	-
Other	36,639	-	-
Rural development grant funds	-	189,545	-
Federal pass-through school funds	73,409	-	722,475
Total	\$ 727,760	\$ 189,545	\$ 1,021,219

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 6 - INTERFUND BALANCES AND ACTIVITY:

Primary Government:

Transfers To/From Other Funds:

Transfers to the General Fund to reimburse expenditures relating to the Washington District S/W Fund	\$	6,088
Transfers to the Capital Projects Fund to pay general obligation debt service and related costs		78,530
Transfers to the AT Johnson Debt Service Fund to pay general obligation debt service and related costs		25,105
Transfers to the Coles Point Wastewater Fund to fund sewer operations		<u>5,546</u>
Total transfers	\$	<u><u>115,269</u></u>

Reconciliation of transfers:

Transfers in from governmental funds	\$	109,723
Transfers in from enterprise funds		<u>5,546</u>
Total transfers	\$	<u><u>115,269</u></u>

NOTE 7 - DUE TO OTHER GOVERNMENTAL UNITS:

At June 30, 2010:

	<u>Governmental Activities</u>	<u>Component Unit</u>
	<u>General</u>	<u>School Board</u>
Town of Colonial Beach:		
Sales tax	\$ 41,727	\$ 70,414
Town of Montross:		
Sales tax	<u>1,602</u>	<u>-</u>
Total	\$ <u><u>43,329</u></u>	\$ <u><u>70,414</u></u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 8 - CAPITAL ASSETS:

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

Primary Government:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 378,301	\$ -	\$ -	\$ 378,301
Other capital assets:				
Buildings	\$ 6,019,386	\$ -	\$ -	\$ 6,019,386
Machinery, equipment and vehicles	2,436,219	188,055	113,656	2,510,618
Jointly owned assets	2,399,746	-	249,000	2,150,746
Total other capital assets	\$ 10,855,351	\$ 188,055	\$ 362,656	\$ 10,680,750
Accumulated depreciation:				
Buildings	\$ 2,485,611	\$ 165,573	\$ -	\$ 2,651,184
Machinery, equipment and vehicles	1,806,224	198,696	109,387	1,895,533
Jointly owned assets	707,347	53,769	76,644	684,472
Total accumulated depreciation	\$ 4,999,182	\$ 418,038	\$ 186,031	\$ 5,231,189
Other capital assets, net	\$ 5,856,169	\$ (229,983)	\$ 176,625	\$ 5,449,561
Net capital assets	\$ 6,234,470	\$ (229,983)	\$ 176,625	\$ 5,827,862
Depreciation is allocated to:				
General government administration		\$ 100,042		
Public safety		170,987		
Health and welfare		42,510		
Education		54,568		
Public works		8,881		
Parks and recreation		11,686		
Community Development		29,364		
Total		\$ 418,038		

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 8 - CAPITAL ASSETS: (Continued)

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 403,377	\$ 24,000	\$ -	\$ 427,377
Construction in progress	<u>-</u>	<u>2,575,823</u>	<u>-</u>	<u>2,575,823</u>
Total capital assets not being depreciated	\$ <u>403,377</u>	\$ <u>2,599,823</u>	\$ <u>-</u>	\$ <u>3,003,200</u>
Other capital assets:				
Buildings and systems	\$ 22,946,474	\$ 1,108,645	\$ -	\$ 24,055,119
Machinery and equipment	<u>103,018</u>	<u>-</u>	<u>-</u>	<u>103,018</u>
Total other capital assets	\$ <u>23,049,492</u>	\$ <u>1,108,645</u>	\$ <u>-</u>	\$ <u>24,158,137</u>
Accumulated depreciation:				
Buildings and systems	\$ 2,191,651	\$ 740,698	\$ -	\$ 2,932,349
Machinery and equipment	<u>25,074</u>	<u>13,190</u>	<u>-</u>	<u>38,264</u>
Total accumulated depreciation	\$ <u>2,216,725</u>	\$ <u>753,888</u>	\$ <u>-</u>	\$ <u>2,970,613</u>
Other capital assets, net	\$ <u>20,832,767</u>	\$ <u>354,757</u>	\$ <u>-</u>	\$ <u>21,187,524</u>
Net capital assets	\$ <u><u>21,236,144</u></u>	\$ <u><u>2,954,580</u></u>	\$ <u><u>-</u></u>	\$ <u><u>24,190,724</u></u>
Depreciation is allocated to:				
Water operations		\$ 47,354		
Sewer operations		<u>706,534</u>		
Total		\$ <u><u>753,888</u></u>		

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 8 - CAPITAL ASSETS: (Continued)

Component Unit-School Board:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 258,916	\$ -	\$ -	\$ 258,916
Other capital assets:				
Buildings	\$ 8,357,007	\$ -	\$ -	\$ 8,357,007
Machinery, equipment and vehicles	3,400,135	98,682	120,000	3,378,817
Jointly owned assets	5,894,000	249,000	-	6,143,000
Total other capital assets	\$ 17,651,142	\$ 347,682	\$ 120,000	\$ 17,878,824
Accumulated depreciation:				
Buildings	\$ 5,351,414	\$ 429,368	\$ -	\$ 5,780,782
Machinery, equipment and vehicles	2,441,631	193,806	120,000	2,515,437
Jointly owned assets	1,269,523	76,644	-	1,346,167
Total accumulated depreciation	\$ 9,062,568	\$ 699,818	\$ 120,000	\$ 9,642,386
Other capital assets, net	\$ 8,588,574	\$ (352,136)	\$ -	\$ 8,236,438
Net capital assets	\$ 8,847,490	\$ (352,136)	\$ -	\$ 8,495,354
Depreciation is allocated to education		\$ 623,174		
Depreciation expense		\$ 623,174		
Transfer of accumulated depreciation on jointly owned assets		76,644		
Total increases in accumulated depreciation above		\$ 699,818		

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, 2010, is that school financed assets in the amount of \$2,150,746 are reported in the Primary Government for financial reporting purposes.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLAN:

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

A. Plan Description:

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA), beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2010 were 9.94% and 8.76% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$581,325, \$710,444 and \$820,847, to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009 and 2008, respectively and these contributions represented 8.81%, 8.81% and 10.30%, respectively, of current covered payroll. The contribution rate for April - June 2010 was 0%.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

For fiscal year 2010, the County's annual pension cost of \$425,343 was equal to the County's required and actual contributions.

Three-Year Trend Information - County			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	\$ 297,584	100%	-
June 30, 2009	430,759	100%	-
June 30, 2010	425,343	100%	-

For fiscal year 2010, the County School Board's annual pension cost for the Board's non-professional employees was \$86,172 which was equal to the Board's required and actual contributions.

Three-Year Trend Information - School Board Non-Professional			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	\$ 63,609	100%	-
June 30, 2009	86,685	100%	-
June 30, 2010	86,172	100%	-

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the County School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLAN: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the County's plan was 84.80% funded. The actuarial accrued liability for benefits was \$17,760,240, and the actuarial value of assets was \$15,060,362, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,699,878. The covered payroll (annual payroll of active employees covered by the plan) was \$4,352,119 and ratio of the UAAL to the covered payroll was 62.04%.

As of June 30, 2009 the most recent actuarial valuation date, the County School Board's plan was 92.72% funded. The actuarial accrued liability for benefits was \$3,112,009, and the actuarial value of assets was \$2,885,384, resulting in an unfunded actuarial accrued liability (UAAL) of \$226,625. The covered payroll (annual payroll of active employees covered by the plan) was \$982,625, and ratio of UAAL to the covered payroll was 23.06%.

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

NOTE 10 - CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES:

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 11 - LONG TERM DEBT:

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2010:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Long-term debt payable from governmental activities:				
Lease revenue bonds payable	\$ 5,062,746	\$ -	\$ 3,000,048	\$ 2,062,698
Less deferred amount on refunding	(124,182)	12,418	-	(111,764)
State Literary Fund loans:				
School	2,399,746	-	249,000	2,150,746
Capital leases	220,585	-	220,585	-
Landfill closure/postclosure liability	33,705	1,285,742	-	1,319,447
Compensated absences	450,373	6,838	-	457,211
Total payable from governmental activities	\$ 8,042,973	\$ 1,304,998	\$ 3,469,633	\$ 5,878,338
Long-term debt payable from business activities:				
Virginia Resources Authority revenue bonds	\$ 6,035,963	\$ 153,332	\$ 78,185	\$ 6,111,110
Compensated absences	18,749	1,476	-	20,225
Total payable from business activities	\$ 6,054,712	\$ 154,808	\$ 78,185	\$ 6,131,335
Long-term debt payable from component unit activities:				
Retirement incentive obligation	\$ 367,301	\$ -	\$ 83,266	\$ 284,035
Capital leases	2,210,580	-	118,673	2,091,907
Other post employment benefits	283,500	398,162	126,400	555,262
Compensated absences	102,793	4,025	-	106,818
Total payable from component unit activities	\$ 2,964,174	\$ 402,187	\$ 328,339	\$ 3,038,022
Total long-term debt	\$ 17,061,859	\$ 1,861,993	\$ 3,876,157	\$ 15,047,695
Reconciliation to Exhibit 1:				
Primary Government				
Long-term liabilities due within one year			\$	572,101
Long-term liabilities due in more than one year				11,437,572
Component Unit				
Long-term liabilities due within one year				223,146
Long-term liabilities due in more than one year				2,814,876
Total long-term debt			\$	15,047,695

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 11 - LONG TERM DEBT: (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 736,821	\$ 489,899
2012	764,906	460,776
2013	787,909	430,408
2014	698,499	398,966
2015	717,151	373,662
2016-2020	3,279,014	1,464,051
2021-2025	1,250,501	1,004,782
2026-2030	811,826	811,294
2031-2035	995,313	627,807
2036-2040	1,220,904	402,216
2041-2045	1,116,451	147,381
2044-2048	167,869	10,092
Total	<u>\$ 12,547,164</u>	<u>\$ 6,621,334</u>

Note: The above includes all long-term debt, capital leases and early retirement incentive obligation. Compensated absences, Other Post Employment Benefits and landfill closure/postclosure liability are not included. The \$153,332 drawn down on the new RUS loan as of June 30, 2010 is also not included.

Details of Long-Term Indebtedness:

	<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%	\$ 2,062,698	\$ 193,955
Less deferred amount on refunding	<u>(111,764)</u>	<u>-</u>
Total lease revenue bonds	<u>\$ 1,950,934</u>	<u>\$ 193,955</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 11 - LONG TERM DEBT: (Continued)

Details of Long-Term Indebtedness: (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%	272,835	34,000
\$992,911, issued July 25, 1996, due in annual installments of \$50,000 through May 15, 2015, interest payable annually at 3%	392,911	50,000
\$3,300,000, issued November 15, 1997, due in annual installments of \$165,000 through November 15, 2019, interest at 3%	<u>1,485,000</u>	<u>165,000</u>
Total State Literary Fund Loans	<u>\$ 2,150,746</u>	<u>\$ 249,000</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 11 - LONG TERM DEBT: (Continued)

Details of Long-Term Indebtedness: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities: (Continued)</u>		
<u>Landfill closure and post-closure care monitoring liability</u>	\$ 1,319,447	\$ -
<u>Compensated absences payable from general fund</u>	\$ 457,211	\$ 45,721
Total long-term obligations from governmental activities	<u>\$ 5,878,338</u>	<u>\$ 488,676</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	\$ 281,425	\$ 4,222
\$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	1,098,617	20,019
\$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	566,740	8,204
\$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. Interest only due on February 22, 2006 and February 22, 2007	361,517	4,488
\$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. Interest only due on June 17, 2006 and June 17, 2007	285,632	3,652
\$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. Interest only due on September 26, 2006 and September 26, 2007	1,136,629	14,673

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 11 - LONG TERM DEBT: (Continued)

Details of Long-Term Indebtedness: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Business-Type Activities: (Continued)</u>		
<u>Lease Revenue Bonds : (Continued)</u>		
\$1,000,000 Lease revenue bonds, payable in 480 monthly installments of \$4,500 beginning on July 20, 2008, interest payable at 4.50% per year.	\$ 981,201	\$ 10,052
\$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. Interest only due on September 26, 2006 and September 26, 2007	1,246,017	16,092
\$3,003,000 Lease revenue bonds, amount drawn as of June 30, 2010:	153,332	-
Total Lease Revenue bonds	\$ 6,111,110	\$ 81,402
<u>Compensated absences payable from water and sewer funds</u>	\$ 20,225	\$ 2,023
Total long-term obligations from business-type activities	<u>\$ 6,131,335</u>	<u>\$ 83,425</u>
<u>Component Unit Activities:</u>		
<u>Early Retirement Incentive Costs:</u>		
The Westmoreland County School Board adopted the early retirement incentive program. \$1,005,614, early retirement incentive obligation loan payable in annual installments of \$107,363 including principal and interest through 2012, interest at 6.56%. The balance of this liability is	\$ 284,035	\$ 88,730
<u>Capital Leases:</u>		
The School Board purchased energy savings equipment under a capital lease agreement. Title to the equipment passes to the entity upon completion of payment of the minimum lease payments. There are no restrictions imposed by the agreements. The balance of capital leases at June 30, 2010 is	\$ 2,091,907	\$ 123,734
<u>Compensated absences payable from school fund</u>	\$ 106,818	\$ 10,682
<u>Other Post Employment Benefits from school fund</u>	\$ 555,262	\$ -
Total long-term obligations from component unit activities	<u>\$ 3,038,022</u>	<u>\$ 223,146</u>
Total long-term obligations	<u>\$ 15,047,695</u>	<u>\$ 795,247</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 11 - LONG TERM DEBT: (Continued)

Details of Long-Term Indebtedness: (Continued)

Defeasance of debt:

In fiscal 1999 the County defeased certain obligation debt that was originally issued for the landfill closure and the County's share of the cost of construction of the Northern Neck Regional Jail. The proceeds of the new bonds of \$5,620,000 plus debt service funds from the defeased bonds and contributions from the County were placed in an irrevocable trust to provide for all future debt service payments on the defeased bonds.

NOTE 12 - DEFERRED REVENUE:

At June 30, 2010:

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Primary Government:		
Deferred property tax revenue:		
Deferred revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 580,026

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

Federal Programs

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

NOTE 14 - LITIGATION:

At June 30, 2010 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, 2010 (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 \$1,319,447 reported as landfill closure and post closure liability at June 30, 2010, represents the remainder of the liability to close the landfill and the estimated liability for post closure monitoring as well as correction action costs. These amounts are based on what it would cost to perform all closure and post closure care in 2010. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

NOTE 16 - RISK MANAGEMENT:

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

NOTE 17 - SURETY BOND INFORMATION:

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 18—OTHER POST-EMPLOYMENT BENEFIT PROGRAM:

School Board:

A. Plan Description:

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

B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. The School Board contributes \$368.40 per month towards participants premiums, 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 County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, and 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	\$ 396,800
Interest on net OPEB obligation	11,340
Adjustment to annual required contribution	(9,978)
Annual OPEB cost (expense)	\$ 398,162
Contributions made	(126,400)
Increase in net OPEB obligation	\$ 271,762
Net OPEB obligation-beginning of year	283,500
Net OPEB obligation-end of year	<u>\$ 555,262</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

School Board: (Continued)

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

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and 2009 are as follows:

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

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2009 is as follows:

Actuarial accrued liability (AAL)	\$ 2,747,500
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	2,747,500
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	9,225,100
UAAL as a percentage of covered payroll	29.78%

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

Actuarial Methods and Assumptions

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

School Board: (Continued)

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

Cost Method

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

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

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

Interest Assumptions

In the January 1, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.80 percent initially, reduced by decrements to an ultimate rate of 4.50 percent after eighty years. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2009, was thirty years.

Unfunded

Discount rate	\$	4.00%
Payroll growth		3.75%

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 19—OTHER POST-EMPLOYMENT BENEFITS - HEALTH INSURANCE CREDIT (OPEB):

A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$82,234, \$87,092, and \$92,445, respectively and equaled the required contributions for each year.

NOTE 20—SUBSEQUENT EVENT:

On July 8, 2010, the County issued \$1,975,000 of General Obligation School Bonds, Series 2010.

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 13,920,869	\$ 13,920,869	\$ 13,882,214	\$ (38,655)
Other local taxes	1,678,799	1,678,799	1,756,532	77,733
Permits, privilege fees, and regulatory licenses	163,250	163,250	247,734	84,484
Fines and forfeitures	62,600	62,600	117,645	55,045
Revenue from the use of money and property	321,230	321,230	187,951	(133,279)
Charges for services	67,344	68,917	50,446	(18,471)
Miscellaneous	29,700	45,145	85,959	40,814
Recovered costs	649,623	756,335	749,569	(6,766)
Intergovernmental revenues:				
Commonwealth	5,244,409	5,281,084	5,072,705	(208,379)
Federal	1,385,325	1,324,021	1,258,692	(65,329)
Total revenues	\$ 23,523,149	\$ 23,622,250	\$ 23,409,447	\$ (212,803)
EXPENDITURES				
Current:				
General government administration	\$ 2,204,598	\$ 2,327,418	\$ 2,060,753	\$ 266,665
Judicial administration	892,197	925,577	877,830	47,747
Public safety	4,618,641	5,013,720	4,585,658	428,062
Public works	2,795,984	3,099,835	2,878,497	221,338
Health and welfare	3,843,361	3,961,978	3,380,986	580,992
Education	6,952,571	6,952,571	6,952,571	-
Parks, recreation, and cultural	514,660	515,961	515,150	811
Community development	540,889	644,836	514,554	130,282
Nondepartmental	112,210	173,220	131,460	41,760
Capital projects	78,419	129,415	50,557	78,858
Debt service:				
Principal retirement	249,000	469,586	469,585	1
Interest and other fiscal charges	292,579	85,251	85,249	2
Total expenditures	\$ 23,095,109	\$ 24,299,368	\$ 22,502,850	\$ 1,796,518
Excess (deficiency) of revenues over (under) expenditures	\$ 428,040	\$ (677,118)	\$ 906,597	\$ 1,583,715
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 22,312	\$ 22,312	\$ 6,088	\$ (16,224)
Transfers out	(103,637)	(110,544)	(63,813)	46,731
Total other financing sources and uses	\$ (81,325)	\$ (88,232)	\$ (57,725)	\$ 30,507
Net change in fund balances	\$ 346,715	\$ (765,350)	\$ 848,872	\$ 1,614,222
Fund balances - beginning, as restated	(346,715)	765,350	7,853,560	7,088,210
Fund balances - ending	\$ -	\$ -	\$ 8,702,432	\$ 8,702,432

Schedules of Funding Progress
Last Three Fiscal Years

VIRGINIA RETIREMENT SYSTEM:**COUNTY:**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ 15,060,362	\$ 17,760,240	\$ 2,699,878	84.80%	\$ 4,352,119	62.04%
6/30/2008	14,855,309	16,222,113	1,366,804	91.57%	4,338,360	31.51%
6/30/2007	13,552,261	16,036,802	2,484,541	84.51%	3,738,461	66.46%

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

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2009	\$ 2,885,384	\$ 3,112,009	\$ 226,625	92.72%	\$ 982,625	23.06%
6/30/2008	2,820,443	2,990,135	169,692	94.32%	983,537	17.25%
6/30/2007	2,560,297	2,786,355	226,058	91.89%	911,879	24.79%

OTHER POST-EMPLOYMENT BENEFITS:

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

OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

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Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 16,879	\$ 16,879	\$ 12,381	\$ (4,498)
Miscellaneous	-	-	-	-
Recovered costs	-	3,250	3,250	-
Intergovernmental revenues:				
Federal	-	-	115,384	115,384
Total revenues	<u>\$ 16,879</u>	<u>\$ 20,129</u>	<u>\$ 131,015</u>	<u>\$ 110,886</u>
EXPENDITURES				
Capital projects	\$ 32,501	\$ 352,715	\$ 160,814	\$ 191,901
Debt service:				
Principal retirement	54,544	54,544	54,544	-
Interest and other fiscal charges	23,987	23,987	23,986	1
Total expenditures	<u>\$ 111,032</u>	<u>\$ 431,246</u>	<u>\$ 239,344</u>	<u>\$ 191,902</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (94,153)</u>	<u>\$ (411,117)</u>	<u>\$ (108,329)</u>	<u>\$ 302,788</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 78,531	\$ 78,531	\$ 78,530	\$ (1)
Transfers out	-	-	(39,822)	(39,822)
Total other financing sources and uses	<u>\$ 78,531</u>	<u>\$ 78,531</u>	<u>\$ 38,708</u>	<u>\$ (39,823)</u>
Net change in fund balances	\$ (15,622)	\$ (332,586)	\$ (69,621)	\$ 262,965
Fund balances - beginning	15,622	332,586	639,918	307,332
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,297</u>	<u>\$ 570,297</u>

Balance Sheet
 Nonmajor Debt Service Fund
 June 30, 2010

		AT Johson Debt Service Fund
		<hr/>
ASSETS		
Cash and cash equivalents	\$	57,514
Investments		190,556
Receivables (net of allowance for uncollectibles):		
Accounts receivable		11,191
Total assets	\$	<hr/> 259,261 <hr/>
LIABILITIES AND FUND BALANCES		
Fund balances:		
Unreserved:		
Designated for subsequent expenditure	\$	259,261
Total fund balances	\$	<hr/> 259,261 <hr/>
Total liabilities and fund balances	\$	<hr/> 259,261 <hr/>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2010

	AT Johson Debt Service Fund	County Facilities Debt Service Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 165,643	\$ 2,646	\$ 168,289
Charges for services	4,386	-	4,386
Miscellaneous	-	2,556,128	2,556,128
Total revenues	<u>\$ 170,029</u>	<u>\$ 2,558,774</u>	<u>\$ 2,728,803</u>
EXPENDITURES			
Debt service:			
Principal retirement	\$ 135,504	\$ 325,000	\$ 460,504
Interest and other fiscal charges	61,487	198,406	259,893
Total expenditures	<u>\$ 196,991</u>	<u>\$ 523,406</u>	<u>\$ 720,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (26,962)</u>	<u>\$ 2,035,368</u>	<u>\$ 2,008,406</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 25,105	\$ -	\$ 25,105
Payment to refunded bonds escrow agent	-	(2,607,890)	(2,607,890)
Total other financing sources and uses	<u>\$ 25,105</u>	<u>\$ (2,607,890)</u>	<u>\$ (2,582,785)</u>
Net change in fund balances	\$ (1,857)	\$ (572,522)	\$ (574,379)
Fund balances - beginning	261,118	572,522	833,640
Fund balances - ending	<u><u>\$ 259,261</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 259,261</u></u>

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2010

AT Johnson Debt Service Fund				
		Budgeted Amounts		
		Original	Final	Actual
REVENUES				
Revenue from the use of money and property	\$	167,991	\$ 167,991	\$ 165,643
Charges for services		4,000	4,000	4,386
Miscellaneous		-	-	-
Total revenues	\$	171,991	\$ 171,991	\$ 170,029
EXPENDITURES				
Debt service:				
Principal retirement	\$	135,505	\$ 135,505	\$ 135,504
Interest and other fiscal charges		61,591	61,591	61,487
Total expenditures	\$	197,096	\$ 197,096	\$ 196,991
Excess (deficiency) of revenues over (under) expenditures				
	\$	(25,105)	\$ (25,105)	\$ (26,962)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$	25,105	\$ 25,105	\$ 25,105
Payment to refunded bonds escrow agent		-	-	-
Total other financing sources and uses	\$	25,105	\$ 25,105	\$ 25,105
Net change in fund balances	\$	-	\$ -	\$ (1,857)
Fund balances - beginning		-	-	261,118
Fund balances - ending	\$	-	\$ -	\$ 259,261

County Facilities Debt Service Fund					
Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
\$ (2,348)	\$ -	\$ -	\$ 2,646	\$ 2,646	
386	-	-	-	-	
-	523,407	3,131,297	2,556,128	(575,169)	
\$ (1,962)	\$ 523,407	\$ 3,131,297	\$ 2,558,774	\$ (572,523)	
\$ 1	\$ 325,000	\$ 325,000	\$ 325,000	\$ -	
104	198,407	198,407	198,406	1	
\$ 105	\$ 523,407	\$ 523,407	\$ 523,406	\$ 1	
\$ (1,857)	\$ -	\$ 2,607,890	\$ 2,035,368	\$ (572,522)	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	(2,607,890)	(2,607,890)	-	
\$ -	\$ -	\$ (2,607,890)	\$ (2,607,890)	\$ -	
\$ (1,857)	\$ -	\$ -	\$ (572,522)	\$ (572,522)	
261,118	-	-	572,522	572,522	
\$ 259,261	\$ -	\$ -	\$ -	\$ -	

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Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2010

	Agency Funds				
	Commission on History and Archaeology				
	Special Welfare	Fund	Bridge House Fund	Alternative Education Fund	Total
ASSETS					
Cash and cash equivalents	\$ 24,875	\$ 14,194	\$ 10,186	\$ 149,264	\$ 198,519
Investments, at fair value:					
U.S. government obligations	-	-	32,668	-	32,668
Corporate bonds	-	-	5,171	-	5,171
Total assets	<u>\$ 24,875</u>	<u>\$ 14,194</u>	<u>\$ 48,025</u>	<u>\$ 149,264</u>	<u>\$ 236,358</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 10,815	\$ -	\$ -	\$ 42,980	\$ 53,795
Amounts held for social services clients	14,060	-	-	-	14,060
Amounts held for others	-	14,194	-	-	14,194
Amounts held for Bridge House	-	-	48,025	-	48,025
Amounts held for alternative education	-	-	-	106,284	106,284
Total liabilities	<u>\$ 24,875</u>	<u>\$ 14,194</u>	<u>\$ 48,025</u>	<u>\$ 149,264</u>	<u>\$ 236,358</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 27,167	\$ 24,875	\$ 27,167	\$ 24,875
Total assets	<u>\$ 27,167</u>	<u>\$ 24,875</u>	<u>\$ 27,167</u>	<u>\$ 24,875</u>
LIABILITIES				
Accounts payable	\$ 13,107	\$ 10,815	\$ 13,107	\$ 10,815
Amounts held for social services clients	14,060	14,060	14,060	14,060
Total liabilities	<u>\$ 27,167</u>	<u>\$ 24,875</u>	<u>\$ 27,167</u>	<u>\$ 24,875</u>
Commission on History and Archaeology Fund:				
ASSETS				
Cash and cash equivalents	\$ 12,814	\$ 1,380	\$ -	\$ 14,194
Total assets	<u>\$ 12,814</u>	<u>\$ 1,380</u>	<u>\$ -</u>	<u>\$ 14,194</u>
LIABILITIES				
Amounts held for others	\$ 12,814	\$ 1,380	\$ -	\$ 14,194
Total liabilities	<u>\$ 12,814</u>	<u>\$ 1,380</u>	<u>\$ -</u>	<u>\$ 14,194</u>
Bridge House Fund:				
ASSETS				
Cash and cash equivalents	\$ -	\$ 10,186	\$ -	\$ 10,186
Investments, at fair value:				
U.S. government obligations	51,709	-	19,041	32,668
Corporate bonds	5,167	4	-	5,171
Total assets	<u>\$ 56,876</u>	<u>\$ 10,190</u>	<u>\$ 19,041</u>	<u>\$ 48,025</u>
LIABILITIES				
Amounts held for Bridge House	\$ 56,876	\$ 10,190	\$ 19,041	\$ 48,025
Total liabilities	<u>\$ 56,876</u>	<u>\$ 10,190</u>	<u>\$ 19,041</u>	<u>\$ 48,025</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Alternative Education Fund:				
ASSETS				
Cash and cash equivalents	\$ 106,923	\$ 357,205	\$ 314,864	\$ 149,264
Total assets	<u>\$ 106,923</u>	<u>\$ 357,205</u>	<u>\$ 314,864</u>	<u>\$ 149,264</u>
LIABILITIES				
Amounts payable and accrued liabilities	\$ 54,697	\$ 42,980	\$ 54,697	\$ 42,980
Amounts held for alternative education program	52,226	314,225	260,167	106,284
Total liabilities	<u>\$ 106,923</u>	<u>\$ 357,205</u>	<u>\$ 314,864</u>	<u>\$ 149,264</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 146,904	\$ 393,646	\$ 342,031	\$ 198,519
Investments, at fair value:				
U.S. government obligations	51,709	-	19,041	32,668
Corporate bonds	5,167	4	-	5,171
Total assets	<u>\$ 203,780</u>	<u>\$ 393,650</u>	<u>\$ 361,072</u>	<u>\$ 236,358</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 67,804	\$ 53,795	\$ 67,804	\$ 53,795
Amounts held for social services clients	14,060	14,060	14,060	14,060
Amounts held for others	12,814	1,380	-	14,194
Amounts held for Bridge House	56,876	10,190	19,041	48,025
Amounts held for alternative education program	52,226	314,225	260,167	106,284
Total liabilities	<u>\$ 203,780</u>	<u>\$ 393,650</u>	<u>\$ 361,072</u>	<u>\$ 236,358</u>

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2010

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 50	\$ 251,965	\$ 252,015
Investments	1,561,412	-	1,561,412
Receivables (net of allowance for uncollectibles):			
Accounts receivable	122,301	-	122,301
Due from other governmental units	975,989	45,230	1,021,219
Total assets	<u>\$ 2,659,752</u>	<u>\$ 297,195</u>	<u>\$ 2,956,947</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 135,408	\$ 6,199	\$ 141,607
Accrued liabilities	1,492,853	50,129	1,542,982
Due to other governmental units	70,414	-	70,414
Total liabilities	<u>\$ 1,698,675</u>	<u>\$ 56,328</u>	<u>\$ 1,755,003</u>
Fund balances:			
Reserved for:			
Encumbrances	\$ 112,882	\$ -	\$ 112,882
Unreserved:			
Designated for subsequent expenditure	848,195	240,867	1,089,062
Total fund balances	<u>\$ 961,077</u>	<u>\$ 240,867</u>	<u>\$ 1,201,944</u>
Total liabilities and fund balances	<u>\$ 2,659,752</u>	<u>\$ 297,195</u>	<u>\$ 2,956,947</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:			
Total fund balances per above			\$ 1,201,944
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 258,916	
Buildings and systems		7,373,058	
Machinery and equipment		<u>863,380</u>	8,495,354
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences		\$ (106,818)	
Accrued interest payable		(44,139)	
Other post employment benefits		(555,262)	
Capital leases		(2,091,907)	
Retirement incentive obligation		<u>(284,035)</u>	<u>(3,082,161)</u>
Net assets of governmental activities			<u>\$ 6,615,137</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, 2010

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 29,417	\$ 89	\$ -	\$ 29,506
Charges for services	3,050	273,206	-	276,256
Miscellaneous	369,676	-	-	369,676
Intergovernmental revenues:				
Local government	6,943,681	-	-	6,943,681
Commonwealth	7,431,779	13,568	-	7,445,347
Federal	2,617,441	722,710	-	3,340,151
Total revenues	<u>\$ 17,395,044</u>	<u>\$ 1,009,573</u>	<u>\$ -</u>	<u>\$ 18,404,617</u>
EXPENDITURES				
Current:				
Education	\$ 17,238,199	\$ 891,723	\$ -	\$ 18,129,922
Capital projects	14,201	-	-	14,201
Debt service:				
Principal retirement	118,673	-	-	118,673
Interest and other fiscal charges	92,048	-	-	92,048
Total expenditures	<u>\$ 17,463,121</u>	<u>\$ 891,723</u>	<u>\$ -</u>	<u>\$ 18,354,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (68,077)</u>	<u>\$ 117,850</u>	<u>\$ -</u>	<u>\$ 49,773</u>
Net change in fund balances	\$ (68,077)	\$ 117,850	\$ -	\$ 49,773
Fund balances - beginning	1,029,154	123,017	-	1,152,171
Fund balances - ending	<u>\$ 961,077</u>	<u>\$ 240,867</u>	<u>\$ -</u>	<u>\$ 1,201,944</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 \$ 49,773

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	\$ 271,038	
Depreciation expense	(623,174)	(352,136)

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

Principal retired on capital lease obligations 118,673

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	\$ (4,025)	
Other post employment benefits	(271,762)	
Accrued interest payable	2,504	
Retirement incentive obligation	83,266	(190,017)
Change in net assets of governmental activities		<u>\$ (373,707)</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, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 3,496	\$ 3,496	\$ 29,417	\$ 25,921
Charges for services	-	-	3,050	3,050
Miscellaneous	148,977	148,977	369,676	220,699
Intergovernmental revenues:				
Local government	6,943,681	6,943,681	6,943,681	-
Commonwealth	8,484,049	7,977,910	7,431,779	(546,131)
Federal	1,609,701	2,797,779	2,617,441	(180,338)
Total revenues	\$ 17,189,904	\$ 17,871,843	\$ 17,395,044	\$ (476,799)
EXPENDITURES				
Current:				
Education	\$ 16,919,182	\$ 17,994,488	\$ 17,238,199	\$ 756,289
Capital projects	60,000	167,205	14,201	153,004
Debt service:				
Principal retirement	118,673	118,673	118,673	-
Interest and other fiscal charges	92,049	92,049	92,048	1
Total expenditures	\$ 17,189,904	\$ 18,372,415	\$ 17,463,121	\$ 909,294
Excess (deficiency) of revenues over (under)				
expenditures	\$ -	\$ (500,572)	\$ (68,077)	\$ 432,495
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ (500,572)	\$ (68,077)	\$ 432,495
Fund balances - beginning	-	500,572	1,029,154	528,582
Fund balances - ending	\$ -	\$ -	\$ 961,077	\$ 961,077

Exhibit 21

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 279	\$ 279	\$ 89	\$ (190)
265,468	265,468	273,206	7,738
-	-	-	-
-	-	-	-
12,793	12,793	13,568	775
463,052	573,607	722,710	149,103
<u>\$ 741,592</u>	<u>\$ 852,147</u>	<u>\$ 1,009,573</u>	<u>\$ 157,426</u>
\$ 741,592	\$ 975,162	\$ 891,723	\$ 83,439
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 741,592</u>	<u>\$ 975,162</u>	<u>\$ 891,723</u>	<u>\$ 83,439</u>
\$ -	\$ (123,015)	\$ 117,850	\$ 240,865
\$ -	\$ 123,015	\$ -	\$ (123,015)
\$ -	\$ -	\$ 117,850	\$ 117,850
-	-	123,017	123,017
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,867</u>	<u>\$ 240,867</u>

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Supporting Schedules

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 10,160,000	\$ 10,160,000	\$ 10,184,748	\$ 24,748
Real and personal public service corporation taxes	155,680	155,680	235,047	79,367
Personal property taxes	3,201,130	3,201,130	2,913,694	(287,436)
Mobile home taxes	25,559	25,559	23,347	(2,212)
Machinery and tools taxes	91,500	91,500	99,789	8,289
Farm machinery and tools taxes	70,000	70,000	82,447	12,447
Merchants capital taxes	50,000	50,000	44,021	(5,979)
Penalties	127,000	127,000	210,807	83,807
Interest	40,000	40,000	88,314	48,314
Total general property taxes	\$ 13,920,869	\$ 13,920,869	\$ 13,882,214	\$ (38,655)
Other local taxes:				
Local sales and use taxes	\$ 715,799	\$ 715,799	\$ 676,409	\$ (39,390)
Consumers' utility taxes	290,000	290,000	319,844	29,844
Utility gross receipts taxes	48,000	48,000	50,643	2,643
Motor vehicle licenses	450,000	450,000	508,042	58,042
Bank stock taxes	8,000	8,000	6,881	(1,119)
Taxes on recordation and wills	167,000	167,000	190,162	23,162
E-911 taxes	-	-	4,551	4,551
Total other local taxes	\$ 1,678,799	\$ 1,678,799	\$ 1,756,532	\$ 77,733
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 10,669	\$ 4,669
Permits and other licenses	157,250	157,250	237,065	79,815
Total permits, privilege fees, and regulatory licenses	\$ 163,250	\$ 163,250	\$ 247,734	\$ 84,484
Fines and forfeitures:				
Court fines and forfeitures	\$ 62,600	\$ 62,600	\$ 117,645	\$ 55,045
Revenue from use of money and property:				
Revenue from use of money	\$ 253,700	\$ 253,700	\$ 118,387	\$ (135,313)
Revenue from use of property	67,530	67,530	69,564	2,034
Total revenue from use of money and property	\$ 321,230	\$ 321,230	\$ 187,951	\$ (133,279)
Charges for services:				
Sheriff's fees	\$ 1,500	\$ 1,500	\$ 983	\$ (517)
Charges for law enforcement and traffic control	8,744	8,744	7,766	(978)
Charges for courthouse maintenance	4,200	4,200	5,223	1,023
Charges for court appointed attorney	2,000	3,573	3,965	392
Concealed weapons permits	2,000	2,000	3,923	1,923
Charges for Commonwealth's Attorney	400	400	513	113

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010 (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	\$ 3,500	\$ 3,500	\$ 6,778	\$ 3,278
Charges for animal control	7,000	7,000	8,411	1,411
Charges for sanitation and waste removal	38,000	38,000	12,650	(25,350)
Charges for parks, recreation and cultural	-	-	234	234
Total charges for services	<u>\$ 67,344</u>	<u>\$ 68,917</u>	<u>\$ 50,446</u>	<u>\$ (18,471)</u>
Miscellaneous revenue:				
Expenditure refunds	\$ -	\$ -	\$ 478	\$ 478
Miscellaneous other	29,700	45,145	85,481	40,336
Total miscellaneous revenue	<u>\$ 29,700</u>	<u>\$ 45,145</u>	<u>\$ 85,959</u>	<u>\$ 40,814</u>
Recovered costs:				
Other recovered costs	\$ 151,493	\$ 163,980	\$ 156,133	\$ (7,847)
Rescue recovery	498,130	592,355	593,436	1,081
Total recovered costs	<u>\$ 649,623</u>	<u>\$ 756,335</u>	<u>\$ 749,569</u>	<u>\$ (6,766)</u>
Total revenue from local sources	<u>\$ 16,893,415</u>	<u>\$ 17,017,145</u>	<u>\$ 17,078,050</u>	<u>\$ 60,905</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 100	\$ 100	\$ 74	\$ (26)
Mobile home titling tax	15,000	15,000	25,199	10,199
Motor vehicle rental tax	1,000	1,000	7,983	6,983
State recordation tax	78,419	78,419	59,356	(19,063)
Tax on deeds	36,000	36,000	39,181	3,181
Communication sales and use taxes	500,000	500,000	667,131	167,131
Personal property tax relief funds	1,139,678	1,139,678	1,139,679	1
Total noncategorical aid	<u>\$ 1,770,197</u>	<u>\$ 1,770,197</u>	<u>\$ 1,938,603</u>	<u>\$ 168,406</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 268,157	\$ 255,351	\$ 248,149	\$ (7,202)
Sheriff	1,007,777	958,421	879,302	(79,119)
Commissioner of revenue	114,737	102,790	103,627	837
Treasurer	113,020	100,208	100,818	610
Medical examiner	400	400	-	(400)
Registrar/electoral board	42,446	42,446	41,277	(1,169)
Clerk of the Circuit Court	199,518	178,087	182,638	4,551
Total shared expenses	<u>\$ 1,746,055</u>	<u>\$ 1,637,703</u>	<u>\$ 1,555,811</u>	<u>\$ (81,892)</u>

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	\$ 879,317	\$ 780,213	\$ 594,378	\$ (185,835)
Two for life	16,030	18,392	18,392	-
Litter control grant	7,439	7,439	6,198	(1,241)
Fire programs	35,853	36,938	36,938	-
Comprehensive Services Act	514,802	711,881	646,676	(65,205)
Criminal justice grants	-	1,316	1,316	-
Emergency services	-	6,106	6,106	-
VJCCCA grants	193,439	193,439	180,505	(12,934)
Victim-witness grant	41,777	45,410	42,854	(2,556)
DMV grants	-	32,550	-	(32,550)
Wireless grant	37,500	37,500	39,475	1,975
Other categorical aid	2,000	2,000	5,453	3,453
Total other categorical aid	\$ 1,728,157	\$ 1,873,184	\$ 1,578,291	\$ (294,893)
Total categorical aid	\$ 3,474,212	\$ 3,510,887	\$ 3,134,102	\$ (376,785)
Total revenue from the Commonwealth	\$ 5,244,409	\$ 5,281,084	\$ 5,072,705	\$ (208,379)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 798	\$ 798	\$ 1,319	\$ 521
Total noncategorical aid	\$ 798	\$ 798	\$ 1,319	\$ 521
Categorical aid:				
Welfare administration and public assistance	\$ 1,384,527	\$ 1,305,720	\$ 1,116,990	\$ (188,730)
Emergency services	-	-	9,368	9,368
DMV grants	-	-	29,702	29,702
JAG ARRA funds	-	-	42,316	42,316
Homeland security grant	-	-	40,150	40,150
Byrne justice grant	-	17,503	17,503	-
U.S. fish and wildlife	-	-	1,344	1,344
Total categorical aid	\$ 1,384,527	\$ 1,323,223	\$ 1,257,373	\$ (65,850)
Total revenue from the federal government	\$ 1,385,325	\$ 1,324,021	\$ 1,258,692	\$ (65,329)
Total General Fund	\$ 23,523,149	\$ 23,622,250	\$ 23,409,447	\$ (212,803)
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	\$ 7,531	\$ 7,531	\$ 5,183	\$ (2,348)
Revenue from the use of property	160,460	160,460	160,460	-
Total revenue from use of money and property	\$ 167,991	\$ 167,991	\$ 165,643	\$ (2,348)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010 (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)				
Charges for services:				
Other charges for services	\$ 4,000	\$ 4,000	\$ 4,386	\$ 386
Total revenue from local sources	\$ 171,991	\$ 171,991	\$ 170,029	\$ (1,962)
Total AT Johnson Debt Service Fund	\$ 171,991	\$ 171,991	\$ 170,029	\$ (1,962)
County Facilities Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,646	\$ 2,646
Total revenue from use of money and property	\$ -	\$ -	\$ 2,646	\$ 2,646
Miscellaneous revenue:				
Other miscellaneous	\$ 523,407	\$ 3,131,297	\$ 2,556,128	\$ (575,169)
Total revenue from local sources	\$ 523,407	\$ 3,131,297	\$ 2,558,774	\$ (572,523)
Total County Facilities Debt Service Fund	\$ 523,407	\$ 3,131,297	\$ 2,558,774	\$ (572,523)
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 16,879	\$ 16,879	\$ 12,381	\$ (4,498)
Total revenue from use of money and property	\$ 16,879	\$ 16,879	\$ 12,381	\$ (4,498)
Recovered costs:				
Other recovered costs	\$ -	\$ 3,250	\$ 3,250	\$ -
Total revenue from local sources	\$ 16,879	\$ 20,129	\$ 15,631	\$ (4,498)
Categorical aid:				
Community development block grant	\$ -	\$ -	\$ 115,384	\$ 115,384
Total General Capital Projects Fund	\$ 16,879	\$ 20,129	\$ 131,015	\$ 110,886
Total Primary Government	\$ 24,235,426	\$ 26,945,667	\$ 26,269,265	\$ (676,402)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,996	\$ 1,996	\$ 2,395	\$ 399
Revenue from the use of property	1,500	1,500	27,022	25,522
Total revenue from use of money and property	<u>\$ 3,496</u>	<u>\$ 3,496</u>	<u>\$ 29,417</u>	<u>\$ 25,921</u>
Charges for services:				
Charges for education	\$ -	\$ -	\$ 3,050	\$ 3,050
Miscellaneous revenue:				
Expenditure refunds	\$ 61,201	\$ 61,201	\$ 189,365	\$ 128,164
Other miscellaneous	87,776	87,776	180,311	92,535
Total miscellaneous revenue	<u>\$ 148,977</u>	<u>\$ 148,977</u>	<u>\$ 369,676</u>	<u>\$ 220,699</u>
Total revenue from local sources	<u>\$ 152,473</u>	<u>\$ 152,473</u>	<u>\$ 402,143</u>	<u>\$ 249,670</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Westmoreland, Virginia	<u>\$ 6,943,681</u>	<u>\$ 6,943,681</u>	<u>\$ 6,943,681</u>	<u>\$ -</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,361,300	\$ 1,361,300	\$ 1,299,048	\$ (62,252)
Basic school aid	4,370,538	4,370,538	4,045,996	(324,542)
Remedial education	220,735	220,735	212,552	(8,183)
Gifted and talented	37,617	37,617	37,907	290
Special education	586,339	586,339	590,848	4,509
Textbook payment	96,922	96,922	-	(96,922)
Vocational SOQ payments	136,567	136,567	137,617	1,050
Social security fringe benefits	241,241	241,241	243,096	1,855
Retirement fringe benefits	310,752	310,752	234,856	(75,896)
State lottery payments	74,311	74,311	95,137	20,826
Early reading intervention	20,759	20,759	25,208	4,449
At risk payments	246,381	246,381	243,362	(3,019)
Technology	154,000	154,000	142,444	(11,556)
Other state funds	626,587	120,448	123,708	3,260
Total categorical aid	<u>\$ 8,484,049</u>	<u>\$ 7,977,910</u>	<u>\$ 7,431,779</u>	<u>\$ (546,131)</u>
Total revenue from the Commonwealth	<u>\$ 8,484,049</u>	<u>\$ 7,977,910</u>	<u>\$ 7,431,779</u>	<u>\$ (546,131)</u>

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010 (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 Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 623,420	\$ 538,120	\$ 382,390	\$ (155,730)
Title VI-B, flow-through	684,587	360,287	336,993	(23,294)
Title VI-B, preschool	19,272	19,272	19,106	(166)
Title VI-B ARRA	-	324,300	324,300	-
Title I ARRA	-	146,300	64,326	(81,974)
1003 G school improvement	-	104,880	62,565	(42,315)
State fiscal stabilization funds, education	-	506,139	687,192	181,053
Drug free schools	7,106	7,106	7,107	1
Education technology formula grant	5,006	11,316	5,006	(6,310)
Reading first grant	-	106,912	103,215	(3,697)
Community learning center grant	-	373,562	305,669	(67,893)
Title II Part A	122,945	131,856	136,458	4,602
Other federal funds	147,365	167,729	183,114	15,385
Total categorical aid	\$ 1,609,701	\$ 2,797,779	\$ 2,617,441	\$ (180,338)
Total revenue from the federal government	\$ 1,609,701	\$ 2,797,779	\$ 2,617,441	\$ (180,338)
Total School Operating Fund	\$ 17,189,904	\$ 17,871,843	\$ 17,395,044	\$ (476,799)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 279	\$ 279	\$ 89	\$ (190)
Charges for services:				
Cafeteria sales	\$ 265,468	\$ 265,468	\$ 273,206	\$ 7,738
Total revenue from local sources	\$ 265,747	\$ 265,747	\$ 273,295	\$ 7,548
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 12,793	\$ 12,793	\$ 13,568	\$ 775
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 463,052	\$ 463,052	\$ 612,060	\$ 149,008
Other categorical aid	-	110,555	110,650	95
Total categorical aid	\$ 463,052	\$ 573,607	\$ 722,710	\$ 149,103
Total revenue from the federal government	463,052	573,607	722,710	149,103
Total School Cafeteria Fund	\$ 741,592	\$ 852,147	\$ 1,009,573	\$ 157,426
Total Discretely Presented Component Unit - School Board	\$ 17,931,496	\$ 18,723,990	\$ 18,404,617	\$ (319,373)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

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	\$ 75,344	\$ 85,551	\$ 79,276	\$ 6,275
General and financial administration:				
County administrator	\$ 354,655	\$ 357,778	\$ 349,025	\$ 8,753
County attorney	85,502	94,242	78,718	15,524
Independent auditor	46,000	46,000	46,000	-
Commissioner of revenue	341,742	348,894	332,682	16,212
Assessor	272,055	272,055	110,810	161,245
Equalization board	9,000	9,000	8,527	473
Treasurer	351,914	351,914	330,818	21,096
Accounting	248,248	258,556	239,942	18,614
Data processing	43,156	82,183	74,872	7,311
Risk management	237,660	277,879	275,414	2,465
Delinquent tax collections	22,693	22,693	20,074	2,619
Dues for local government	5,160	5,185	5,185	-
Total general and financial administration	\$ 2,017,785	\$ 2,126,379	\$ 1,872,067	\$ 254,312
Board of elections:				
Electoral board and officials	\$ 26,906	\$ 30,254	\$ 27,002	\$ 3,252
Registrar	84,563	85,234	82,408	2,826
Total board of elections	\$ 111,469	\$ 115,488	\$ 109,410	\$ 6,078
Total general government administration	\$ 2,204,598	\$ 2,327,418	\$ 2,060,753	\$ 266,665
Judicial administration:				
Courts:				
Circuit court	\$ 28,562	\$ 32,629	\$ 30,661	\$ 1,968
General district court	4,070	4,070	2,999	1,071
Special magistrates	700	700	109	591
Juvenile and domestic relations district court	39,100	39,100	29,770	9,330
Clerk of the circuit court	354,117	369,224	352,423	16,801
Victim-witness	37,515	45,410	42,760	2,650
Other	7,000	16,773	16,773	-
Total courts	\$ 471,064	\$ 507,906	\$ 475,495	\$ 32,411
Commonwealth's attorney:				
Commonwealth's attorney	\$ 421,133	\$ 417,671	\$ 402,335	\$ 15,336
Total commonwealth's attorney	\$ 421,133	\$ 417,671	\$ 402,335	\$ 15,336
Total judicial administration	\$ 892,197	\$ 925,577	\$ 877,830	\$ 47,747
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 1,916,643	\$ 1,897,706	\$ 1,775,146	\$ 122,560
Other law enforcement and traffic control	10,000	69,874	51,234	18,640
Sheriff - 911 system	518,707	525,985	479,313	46,672
Total law enforcement and traffic control	\$ 2,445,350	\$ 2,493,565	\$ 2,305,693	\$ 187,872

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 535,853	\$ 536,348	\$ 536,348	\$ -
Ambulance and rescue services	858,926	1,086,760	1,024,211	62,549
Forestry	5,873	7,435	7,435	-
Total fire and rescue services	<u>\$ 1,400,652</u>	<u>\$ 1,630,543</u>	<u>\$ 1,567,994</u>	<u>\$ 62,549</u>
Correction and detention:				
Juvenile and domestic relations court service unit	\$ 105,725	\$ 128,332	\$ 54,483	\$ 73,849
Juvenile commission crime control	193,439	193,439	180,505	12,934
Total correction and detention	<u>\$ 299,164</u>	<u>\$ 321,771</u>	<u>\$ 234,988</u>	<u>\$ 86,783</u>
Inspections:				
Building	<u>\$ 120,324</u>	<u>\$ 122,922</u>	<u>\$ 108,649</u>	<u>\$ 14,273</u>
Other protection:				
Animal control	\$ 129,983	\$ 144,311	\$ 121,671	\$ 22,640
Medical examiner	-	400	180	220
Emergency management	99,768	102,720	80,075	22,645
Emergency services (civil defense)	123,400	145,125	116,860	28,265
Emergency services grant	-	52,363	49,548	2,815
Total other protection	<u>\$ 353,151</u>	<u>\$ 444,919</u>	<u>\$ 368,334</u>	<u>\$ 76,585</u>
Total public safety	<u>\$ 4,618,641</u>	<u>\$ 5,013,720</u>	<u>\$ 4,585,658</u>	<u>\$ 428,062</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	<u>\$ 105,666</u>	<u>\$ 163,958</u>	<u>\$ 154,086</u>	<u>\$ 9,872</u>
Sanitation and waste removal:				
Refuse collection	\$ 762,250	\$ 762,250	\$ 705,344	\$ 56,906
Refuse disposal	1,153,520	1,188,454	1,120,196	68,258
Total sanitation and waste removal	<u>\$ 1,915,770</u>	<u>\$ 1,950,704</u>	<u>\$ 1,825,540</u>	<u>\$ 125,164</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 774,548</u>	<u>\$ 985,173</u>	<u>\$ 898,871</u>	<u>\$ 86,302</u>
Total public works	<u>\$ 2,795,984</u>	<u>\$ 3,099,835</u>	<u>\$ 2,878,497</u>	<u>\$ 221,338</u>
Health and welfare:				
Health:				
Local health department	<u>\$ 187,952</u>	<u>\$ 187,952</u>	<u>\$ 181,296</u>	<u>\$ 6,656</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	\$ 1,872,003	\$ 1,883,203	\$ 1,601,584	\$ 281,619
Public assistance	908,224	728,662	588,731	139,931
State and local hospitalization - indigents	9,500	9,500	-	9,500
Comprehensive Services Act	812,500	1,099,479	956,193	143,286
Total welfare	<u>\$ 3,602,227</u>	<u>\$ 3,720,844</u>	<u>\$ 3,146,508</u>	<u>\$ 574,336</u>
Total health and welfare	<u>\$ 3,843,361</u>	<u>\$ 3,961,978</u>	<u>\$ 3,380,986</u>	<u>\$ 580,992</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010 (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	\$ 6,943,681	\$ 6,943,681	\$ 6,943,681	\$ -
Contributions to community college	8,890	8,890	8,890	-
Total education	<u>\$ 6,952,571</u>	<u>\$ 6,952,571</u>	<u>\$ 6,952,571</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 116,072	\$ 116,072	\$ 115,806	\$ 266
Public landings	500	500	-	500
Total parks and recreation	<u>\$ 116,572</u>	<u>\$ 116,572</u>	<u>\$ 115,806</u>	<u>\$ 766</u>
Cultural enrichment:				
Westmoreland museum	\$ 46,386	\$ 46,386	\$ 46,386	\$ -
Library:				
Contribution to regional library	\$ 351,702	\$ 353,003	\$ 352,958	\$ 45
Total parks, recreation, and cultural	<u>\$ 514,660</u>	<u>\$ 515,961</u>	<u>\$ 515,150</u>	<u>\$ 811</u>
Community development:				
Planning and community development:				
Planning	\$ 346,369	\$ 377,704	\$ 341,140	\$ 36,564
Community development	37,850	37,850	37,850	-
Northern Neck Planning Commission	32,000	42,714	42,714	-
Planning District Commission	9,500	9,000	7,512	1,488
Zoning board	2,900	2,825	1,318	1,507
Wetlands board	4,500	6,075	6,074	1
Tourism	19,498	47,044	12,792	34,252
Contribution to Industrial Development Authority	9,200	16,630	13,929	2,701
Total planning and community development	<u>\$ 461,817</u>	<u>\$ 539,842</u>	<u>\$ 463,329</u>	<u>\$ 76,513</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 11,300	\$ 11,300	\$ 11,300	\$ -
Litter control	7,439	13,116	1,000	12,116
Total environmental management	<u>\$ 18,739</u>	<u>\$ 24,416</u>	<u>\$ 12,300</u>	<u>\$ 12,116</u>
Cooperative extension program:				
Cooperative extension program	\$ 50,041	\$ 70,286	\$ 29,976	\$ 40,310
4-H	10,292	10,292	8,949	1,343
Total cooperative extension program	<u>\$ 60,333</u>	<u>\$ 80,578</u>	<u>\$ 38,925</u>	<u>\$ 41,653</u>
Total community development	<u>\$ 540,889</u>	<u>\$ 644,836</u>	<u>\$ 514,554</u>	<u>\$ 130,282</u>
Nondepartmental:				
Other nondepartmental	<u>\$ 112,210</u>	<u>\$ 173,220</u>	<u>\$ 131,460</u>	<u>\$ 41,760</u>

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Capital projects:				
Other capital projects	\$ 78,419	\$ 129,415	\$ 50,557	\$ 78,858
Debt service:				
Principal retirement	\$ 249,000	\$ 469,586	\$ 469,585	\$ 1
Interest and other fiscal charges	292,579	85,251	85,249	2
Total debt service	\$ 541,579	\$ 554,837	\$ 554,834	\$ 3
Total General Fund	\$ 23,095,109	\$ 24,299,368	\$ 22,502,850	\$ 1,796,518
Debt Service Fund:				
AT Johnson Debt Service Fund:				
Debt service:				
Principal retirement	\$ 135,505	\$ 135,505	\$ 135,504	\$ 1
Interest and other fiscal charges	61,591	61,591	61,487	104
Total AT Johnson Debt Service Fund	\$ 197,096	\$ 197,096	\$ 196,991	\$ 105
County Facilities Debt Service Fund:				
Debt service:				
Principal retirement	\$ 325,000	\$ 325,000	\$ 325,000	\$ -
Interest and other fiscal charges	198,407	198,407	198,406	1
Total County Facilities Debt Service Fund	\$ 523,407	\$ 523,407	\$ 523,406	\$ 1
Capital Projects Fund:				
General Capital Projects Fund:				
Capital projects expenditures:				
Monroe hall neighborhood project	\$ -	\$ 314,073	\$ 123,975	\$ 190,098
Other capital projects	32,501	38,642	36,839	1,803
Total capital projects	\$ 32,501	\$ 352,715	\$ 160,814	\$ 191,901
Debt service:				
Principal retirement	\$ 54,544	\$ 54,544	\$ 54,544	\$ -
Interest and other fiscal charges	23,987	23,987	23,986	1
Total debt service	\$ 78,531	\$ 78,531	\$ 78,530	\$ 1
Total General Capital Projects Fund	\$ 111,032	\$ 431,246	\$ 239,344	\$ 191,902
Total Primary Government	\$ 23,926,644	\$ 25,451,117	\$ 23,462,591	\$ 1,988,526

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2010 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction costs:				
Classroom instruction	\$ 10,471,636	\$ 11,190,326	\$ 10,810,608	\$ 379,718
Guidance services	398,248	426,679	422,499	4,180
Social worker services	5,442	1,474	-	1,474
Homebound instruction	23,154	71,374	68,243	3,131
Improvement of instruction	18,993	40,935	40,013	922
Media services	315,214	309,773	293,714	16,059
Office of the principal	927,973	947,207	936,541	10,666
Total instruction costs	\$ 12,160,660	\$ 12,987,768	\$ 12,571,618	\$ 416,150
Administration, attendance, and health:				
Board services	\$ 33,241	\$ 33,134	\$ 32,892	\$ 242
Executive administration	666,602	676,467	678,345	(1,878)
Fiscal services	111,846	114,394	114,394	-
Attendance and health services	308,148	279,908	276,941	2,967
Total administration, attendance, and health	\$ 1,119,837	\$ 1,103,903	\$ 1,102,572	\$ 1,331
Operating costs:				
Pupil transportation	\$ 1,706,333	\$ 1,825,608	\$ 1,704,001	\$ 121,607
Operation and maintenance of school plant	1,922,398	1,907,817	1,694,696	213,121
Facilities	9,954	169,392	165,312	4,080
Total operating costs	\$ 3,638,685	\$ 3,902,817	\$ 3,564,009	\$ 338,808
Total education	\$ 16,919,182	\$ 17,994,488	\$ 17,238,199	\$ 756,289
Capital projects:				
School capital projects	\$ 60,000	\$ 167,205	\$ 14,201	\$ 153,004
Debt service:				
Principal retirement	\$ 118,673	\$ 118,673	\$ 118,673	\$ -
Interest and other fiscal charges	92,049	92,049	92,048	1
Total debt service	\$ 210,722	\$ 210,722	\$ 210,721	\$ 1
Total School Operating Fund	\$ 17,189,904	\$ 18,372,415	\$ 17,463,121	\$ 909,294
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 741,592	\$ 975,162	\$ 891,723	\$ 83,439
Total Discretely Presented Component Unit - School Board	\$ 17,931,496	\$ 19,347,577	\$ 18,354,844	\$ 992,733

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Other Supplementary Information

Statistical Information

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COUNTY OF WESTMORELAND, VIRGINIA

Table 1

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

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

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

COUNTY OF WESTMORELAND, VIRGINIA

Table 2

Government-Wide Revenues
Last Eight Fiscal Years (1)

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

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

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 Privilege Regulatory Licenses		Fines & Forfeitures		Use of Money & Property		Charges for Services		Miscel- laneous		Recovered Costs		Intergovern- mental		Total	
2001	\$	7,632,183	\$	1,196,425	\$	164,775	\$	31,505	\$	817,170	\$	410,533	\$	590,043	\$	117,661	\$	14,150,027	\$	25,110,322
2002		7,621,313		1,265,694		180,130		27,660		465,493		399,295		506,683		263,062		14,076,948		24,806,278
2003		8,366,669		1,861,540		181,389		28,129		655,131		379,715		501,795		165,319		14,340,517		26,480,204
2004		8,609,719		2,126,050		183,385		33,950		574,731		428,955		409,701		131,606		15,996,825		28,494,922
2005		8,890,202		2,333,601		216,926		68,439		417,798		440,360		790,813		223,357		16,489,708		29,871,204
2006		9,215,521		2,693,401		302,028		61,286		479,949		443,567		815,325		501,259		17,107,551		31,619,887
2007		11,982,237		2,631,376		260,445		60,325		651,529		409,437		802,693		496,571		17,841,962		35,136,575
2008		12,232,890		2,649,385		209,337		75,541		717,712		389,705		817,037		568,817		18,326,640		35,987,064
2009		13,909,366		2,457,899		217,488		136,695		533,265		378,683		1,026,982		812,592		16,850,180		36,323,150
2010		13,882,214		1,756,532		247,734		117,645		385,746		331,088		3,011,763		749,569		17,116,895		37,599,186

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

Total	639,700
	552,307
	556,159
	232,152
	300,626
	611,697
	481,985
	323,532
	085,335
	648,182

COUNTY OF WESTMORELAND, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	(2) Current Tax Collections		Percent of Levy Collected	(1) Delinquent Tax Collections		(2) Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy	
2001	\$ 8,342,528	\$ 7,993,046		95.81%	\$ 210,931	\$ 8,203,977		98.34%	\$ 521,448		6.25%	
2002	8,637,803	8,366,194		96.86%	252,825	8,619,019		99.78%	389,143		4.51%	
2003	9,405,005	9,103,899		96.80%	198,915	9,302,814		98.91%	379,445		4.03%	
2004	9,753,014	9,468,180		97.08%	112,857	9,581,037		98.24%	604,149		6.19%	
2005	9,891,744	9,551,664		96.56%	156,551	9,708,215		98.14%	626,251		6.33%	
2006	10,403,748	10,158,325		97.64%	156,766	10,315,091		99.15%	606,605		5.83%	
2007	13,395,105	12,680,676		94.67%	168,848	12,849,524		95.93%	602,330		4.50%	
2008	13,755,013	12,939,690		94.07%	146,639	13,086,329		95.14%	723,500		5.26%	
2009	14,790,793	14,575,133		98.54%	211,639	14,786,772		99.97%	822,708		5.56%	
2010	14,926,605	14,462,888		96.89%	259,884	14,722,772		98.63%	791,771		5.30%	

(1) Exclusive of penalties and interest.

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

\$731,707 in fiscal year 2001, \$1,138,645 in fiscal year 2002, \$1,152,825 in fiscal year 2003, \$1,192,078 in fiscal year 2004, \$1,068,848 in fiscal year 2005, \$1,268,512 in fiscal year 2006, \$1,142,742 in fiscal year 2007, \$1,139,679 in fiscal years 2008, 2009, and 2010.

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			
2001	\$ 901,841,518	\$ 107,101,529	\$ 4,235,810	\$ 5,310,750	\$ 9,396,270	\$ 39,633,720	\$ 1,067,519,597	
2002	1,016,652,645	110,522,140	4,546,010	5,134,600	10,343,450	45,279,433	1,192,478,278	
2003	1,035,780,223	115,702,170	4,780,630	5,575,650	9,941,950	43,159,255	1,214,939,878	
2004	1,061,473,808	122,084,750	5,046,460	5,498,930	11,198,540	41,343,710	1,246,646,198	
2005	1,086,823,570	124,665,860	4,905,060	5,448,420	11,029,260	32,989,040	1,265,861,210	
2006	1,123,331,030	138,217,530	5,537,450	6,072,480	11,387,410	26,973,380	1,311,519,280	
2007	2,061,766,020	140,435,940	5,390,610	6,250,300	11,366,300	44,414,760	2,269,623,930	
2008	2,103,141,680	153,700,610	6,311,930	6,165,140	11,561,490	34,201,410	2,315,082,260	
2009	2,172,215,080	157,928,510	6,785,990	6,038,600	13,009,980	34,946,314	2,390,924,474	
2010	2,223,288,450	147,214,970	6,671,900	6,686,780	12,486,540	48,805,697	2,445,154,337	

(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
2001	\$ 0.67	\$ 2.50	\$ 1.50	\$ 1.25	\$ 0.50	
2002	0.61	2.50	1.50	1.25	0.50	
2003	0.66	2.50	1.50	1.25	0.50	
2004	0.66	2.50	1.50	1.25	0.50	
2005	0.66	2.50	1.50	1.25	0.50	
2006	0.66	2.50	1.50	1.25	0.50	
2007	0.44	3.00	1.50	1.25	0.50	
2008	0.44	3.00	1.50	1.25	0.50	
2009	0.50	3.00	1.50	1.25	0.50	
2010	0.50	3.00	1.50	1.25	0.50	

(1) Per \$100 of assessed value.

(2) Also applies to public utility property.

COUNTY OF WESTMORELAND, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less		Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)			
2001	16,718	\$ 1,067,519,597	\$ 15,199,853	\$ 839,126	\$ -	\$ 14,360,727	1.35%	\$ 859
2002	16,718	1,192,478,278	14,428,966	671,467	308,200	13,449,299	1.13%	804
2003	16,718	1,214,939,878	15,444,544	676,560	2,121,150	12,646,834	1.04%	756
2004	16,718	1,246,646,198	14,620,587	660,344	2,118,067	11,842,176	0.95%	708
2005	16,718	1,265,861,210	14,183,925	690,166	2,531,009	10,962,750	0.87%	656
2006	17,227	1,311,519,280	15,280,536	757,270	5,196,951	9,326,315	0.71%	541
2007	17,188	2,269,623,930	14,395,466	769,838	5,167,717	8,457,911	0.37%	492
2008	17,188	2,315,082,260	14,463,398	788,055	6,111,061	7,564,282	0.33%	440
2009	17,462	2,390,924,474	13,498,455	833,640	6,035,963	6,628,852	0.28%	380
2010	17,515	2,445,154,337	10,324,554	561,771	6,111,110	3,651,673	0.15%	208

(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
2001	\$ 729,000	\$ 811,024	\$ 1,540,024	\$ 26,639,700	5.78%
2002	834,894	745,243	1,580,137	24,552,307	6.44%
2003	856,855	705,838	1,562,693	24,556,159	6.36%
2004	884,316	679,519	1,563,835	26,232,152	5.96%
2005	917,307	621,805	1,539,112	29,300,626	5.25%
2006	962,619	563,773	1,526,392	30,611,697	4.99%
2007	991,674	513,597	1,505,271	32,481,985	4.63%
2008	1,021,065	446,978	1,468,043	34,323,532	4.28%
2009	1,046,022	395,615	1,441,637	35,085,335	4.11%
2010	930,089	345,142	1,275,231	34,648,182	3.68%

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

(2) From Table 4.

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Westmoreland, Virginia as of and for the year ended June 30, 2010, which collectively comprise the County of Westmoreland, Virginia's basic financial statements and have issued our report thereon dated January 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of County of Westmoreland, Virginia in a separate letter dated January 19, 2011.

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

Robinson, Tamm, Cox Associates

Fredericksburg, Virginia
January 19, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited the County of Westmoreland, Virginia's Compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County of Westmoreland, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Westmoreland, Virginia's management. Our responsibility is to express an opinion on the County of Westmoreland, Virginia's compliance based on our audit.

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

In our opinion, the County of Westmoreland, Virginia complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

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

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

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

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

Robinson, Tamm, Cox Associates

Fredericksburg, Virginia
January 19, 2011

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

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:			
Promoting safe & stable families	93.556	0950109/0950110	\$ 10,081
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	182,035
Refugee and entrant assistance - state administered programs	93.566	0500109/0500110	587
Low-income home energy assistance	93.568	0600409/0600410	11,450
Child Care Cluster:			
Child care and development block grant	93.575	0770109/0770110	136,976
Child care mandatory and matching funds of the child care and development fund	93.596	0760109/0760110	67,497
ARRA - child care and development block grant	93.713	0740109/0780109	56,834
Child welfare services - state grants	93.645	0900109/0900110	611
Foster care - Title IV-E	93.658	1100109/1100110	97,181
ARRA - foster care - Title IV-E	93.658	1100109/1100110	5,067
Adoption assistance	93.659	1120109/1120110	25,102
ARRA - adoption assistance	93.659	1120109/1120110	2,425
Social services block grant	93.667	1000109/1000110	60,272
Chafee foster care independence program	93.674	9150109/9150110	2,767
Children's health insurance program	93.767	0540109/0540110	11,945
Medical assistance program	93.778	1200109/1200110	162,885
Total Department of Health and Human Services			\$ 833,715
Department of Agriculture:			
Direct Payments:			
Water and waste disposal systems for rural communities	10.760	N/A	\$ 419,732
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food distribution service	10.555	10.555/2009/2010	\$ 33,367
National school breakfast program	10.553	10.553/2009/2010	156,777
National school lunch program	10.555	10.555/2009/2010	421,917
ARRA child nutrition discretionary grants limited availability	10.579	10.579/2009	98,360
Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010109/0010110	273,336
ARRA - state administrative matching grants for the supplemental nutrition assistance program	10.561	0040109/0040110	9,935
Total Department of Agriculture - pass-through payments			\$ 993,692
Total Department of Agriculture			\$ 1,413,424
Department of Homeland Security:			
Direct Payments:			
Emergency food and shelter national board program	97.024	N/A	\$ 9,368
Pass Through Payments:			
Department of Emergency Services:			
State homeland security grant program	97.073	77501-52708	40,150
Total Department of Homeland Security			\$ 49,518

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
U.S. fish and wildlife service	15.000	N/A	\$ 1,344
Payments in Lieu of Taxes	15.226	N/A	1,319
Total Department of Interior - direct			\$ 2,663
Department of Justice:			
Direct payments:			
Edward Byrne memorial justice assistance grant program	16.738	N/A	\$ 17,503
Pass Through Payments:			
Virginia Compensation Board:			
ARRA Edward Byrne memorial justice assistance grant program	16.803	2009-SU-B9-0033	42,316
Total Department of Justice			\$ 59,819
Department of Housing and Urban Development:			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
Community development block grant	14.228	53305-50794	115,385
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety	20.600	60507-59379/5020	\$ 29,702
Total Department of Transportation			\$ 29,702
Environmental Protection Agency:			
Pass Through Payments:			
Department of Health:			
ARRA Capitalization Grants for Drinking Water State Revolving Funds	66.458	51503-90301	890,000
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Cluster:			
Title I grants to local educational agencies	84.010	S010A080046	\$ 382,390
ARRA Title I grants to local educational agencies	84.389	S389A090046	64,326
Migrant education - state grant program	84.011	S011A080047	91,910
Special Education Cluster:			
Special education - grants to states	84.027	H027A090107	336,993
Special education - preschool grants	84.173	H173A090112	19,106
ARRA special education - grants to states	84.391	H391A090107	324,300
ARRA special education - preschool grants	84.392	H392A090112	6,647
Career and technical education - basic grants to states	84.048	V048A080046	37,955
Migrant education - coordination program	84.144	S144F080047	8,117
Safe and drug-free schools and communities	84.186	Q186A080048	7,107
Twenty-First century community learning centers	84.287	S287C070047	317,959
Education technology state grants	84.318	S318X080046	5,006
Gaining early awareness and readiness for undergraduate programs	84.334	17117-2010	20,038
Reading first state grants	84.357	S357A070048	103,215
English language acquisition grants	84.365	T365A080046	18,448
Improving teacher quality state grants	84.367	S367A090044	136,458
ARRA state fiscal stabilization fund - education state grants	84.394	S394A090047	687,192
School improvement grants	84.377	S377A080047	62,566
Total Department of Education			\$ 2,629,733
Total Expenditures of Federal Awards			\$ 6,023,959

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, 2010

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, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Westmoreland, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Westmoreland, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,258,692
Capital Projects Funds:	
County Capital Improvements Fund	115,384
Proprietary Funds:	
Coles Point Sewer Fund	890,000
Montross Sewer Fund	266,400
Washington District - Rural Development Loan Proceeds	153,332 (1)
Total primary government	<u>\$ 2,683,808</u>

Component Unit Public Schools:

School Operating Fund	\$ 2,617,441
School Cafeteria Fund	722,710
Total component unit public schools	<u>\$ 3,340,151</u>
Total federal expenditures per basic financial statements	<u>\$ 6,023,959</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 6,023,959

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

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173/84.391/84.392	Special education cluster
84.010/84.389	Title I Part A cluster
66.458	ARRA Capitalization Grant for Drinking Sater State Revolving Fund
10.561	SNAP cluster
10.555/10.553	Child nutrition cluster
84.394	ARRA state fiscal stabilization fund - education state grants

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

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, 2010

There were no findings reported for the year ended June 30, 2009.