



COUNTY OF WESTMORELAND, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

COUNTY OF WESTMORELAND, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

COUNTY OF WESTMORELAND, VIRGINIA

BOARD OF SUPERVISORS

Darryl E. Fisher, Chairman

W.W. Hynson, Vice-Chairman

Dorothy Dickerson Tate

Rosemary M. Mahan

Larry Roberson

SCHOOL BOARD

Daniel Wallace, Chairman
Genard Reed, Vice-Chairman

Iris Lane
Coralynn Wise

Andrea Roane

BOARD OF SOCIAL SERVICES

Joan Powell, Chairman
Linda Crandell, Vice-Chairman

Leonard Perotti
Frances Jenkins

Bob Worthy

OTHER OFFICIALS

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

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

COUNTY OF WESTMORELAND, VIRGINIA

Financial Report
Year Ended June 30, 2012

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Westmoreland, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Westmoreland, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Westmoreland, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Westmoreland, Virginia, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2013, on our consideration of the County of Westmoreland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
January 9, 2013

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, 2012.

Financial Highlights

Government-wide Financial Statements

- On a government-wide basis for governmental activities, the assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$11,803,647 (net assets). For business-type activities, assets exceeded liabilities by \$20,383,354.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures of (\$52,240) (Exhibit 5) after making contributions totaling \$7,812,960 to the School Board.

- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of \$10,061,262 a decrease of (\$52,240) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,558,481 or 15% of total general fund expenditures.
- Combined long-term obligations for the governmental funds decreased (\$517,659) during the current fiscal year.

The Proprietary Funds, on an accrual basis, reported an increase in net assets of \$273,052 (Exhibit 8).

- As of the close of the current fiscal year, the County's proprietary funds reported ending net assets of \$20,383,354, an increase \$273,052.
- Combined long-term obligations in the proprietary funds decreased (\$118,823) during the current fiscal year.

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County's governmental activities, assets exceeded liabilities by \$11,803,647 at the close of the most recent fiscal year.

Summary Statement of Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 11,416,231	\$ 11,389,269	\$ 2,169,410	\$ 1,942,486	\$ 13,585,641	\$ 13,331,755
Capital assets	7,920,169	8,119,788	28,793,815	28,955,659	36,713,984	37,075,447
Total assets	\$ 19,336,400	\$ 19,509,057	\$ 30,963,225	\$ 30,898,145	\$ 50,299,625	\$ 50,407,202
Long-term liabilities	\$ 6,791,915	\$ 7,309,574	\$ 10,483,252	\$ 10,602,075	\$ 17,275,167	\$ 17,911,649
Current liabilities	740,838	732,609	96,619	185,768	837,457	918,377
Total liabilities	\$ 7,532,753	\$ 8,042,183	\$ 10,579,871	\$ 10,787,843	\$ 18,112,624	\$ 18,830,026
Net assets:						
Invested in capital assets, net of related debt	\$ 4,522,423	\$ 4,358,042	\$ 18,326,965	\$ 18,368,417	\$ 22,849,388	\$ 22,726,459
Restricted	-	-	538,590	538,590	538,590	538,590
Unrestricted	7,281,224	7,108,832	1,517,799	1,203,295	8,799,023	8,312,127
Total net assets	\$ 11,803,647	\$ 11,466,874	\$ 20,383,354	\$ 20,110,302	\$ 32,187,001	\$ 31,577,176

At the end of the current fiscal year, the County's investment in capital assets net of related debt used to acquire those assets was \$4,522,423 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 \$609,825 during the current fiscal year.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities and business-type activities increased the County's net assets by \$336,773 and \$273,052 respectively. Key elements of this increase are as follows:

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 511,444	\$ 398,463	\$ 1,175,338	\$ 920,262	\$ 1,686,782	\$ 1,318,725
Operating grants and contributions	4,009,950	4,033,130	253,868	148,135	4,263,818	4,181,265
Capital grants and contributions	150,000	3,000	883,337	1,128,915	1,033,337	1,131,915
General revenues:						
General property taxes	14,110,456	14,032,052	-	-	14,110,456	14,032,052
Other local taxes	1,750,911	1,691,688	-	-	1,750,911	1,691,688
Grants and other contributions not restricted	1,914,849	1,927,017	-	-	1,914,849	1,927,017
Use of money and property	303,864	379,679	7,392	9,860	311,256	389,539
Gain / (loss) on disposal of capital assets	209,852	-	-	-	209,852	0
Miscellaneous	147,919	62,010	17,468	1,380	165,387	63,390
Total revenues	\$ 23,109,245	\$ 22,527,039	\$ 2,337,403	\$ 2,208,552	\$ 25,446,648	\$ 24,735,591
Expenses:						
General government administration	\$ 2,035,878	\$ 2,047,166	\$ -	\$ -	\$ 2,035,878	\$ 2,047,166
Judicial administration	917,536	907,476	-	-	917,536	907,476
Public safety	4,550,670	4,186,005	-	-	4,550,670	4,186,005
Public works	2,471,093	2,392,400	-	-	2,471,093	2,392,400
Health and welfare	3,436,498	3,267,173	-	-	3,436,498	3,267,173
Education	7,929,075	7,866,868	-	-	7,929,075	7,866,868
Parks, recreation, and cultural	652,666	666,480	-	-	652,666	666,480
Community development	537,924	557,743	-	-	537,924	557,743
Interest on long-term debt	241,132	194,661	-	-	241,132	194,661
Water and Sewer	-	-	2,064,351	1,641,291	2,064,351	1,641,291
Total expenses	\$ 22,772,472	\$ 22,085,972	\$ 2,064,351	\$ 1,641,291	\$ 24,836,823	\$ 23,727,263
Increase in net assets	\$ 336,773	\$ 441,067	\$ 273,052	\$ 567,261	\$ 609,825	\$ 1,008,328
Net assets, July 1, as restated	11,466,874	11,025,807	20,110,302	19,543,041	31,577,176	30,568,848
Net assets, June 30	\$ 11,803,647	\$ 11,466,874	\$ 20,383,354	\$ 20,110,302	\$ 32,187,001	\$ 31,577,176

Government-wide Financial Analysis: (Continued)

- The increase of \$336,773 in the governmental activities net assets was largely attributable to the gain on disposal of capital assets.
- Net assets for business-type activities showed an increase of \$273,052 during fiscal year 2012. This increase is comparable with the \$567,261 increase in fiscal year 2011 and is due to increase in operating efficiencies.

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

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$10,061,262 a decrease of (\$52,240) in comparison with the prior year. Approximately 35% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted, committed, and assigned to indicate that it is not available for new spending because it has already been constrained.

Proprietary Funds - The focus of the County's proprietary funds is upon determination of net income, financial position, and changes in financial position. Funds are accounted for in a manner similar to private business enterprises. The County's proprietary funds consist of the Water and Sewer Fund and the Montross Sewer Fund. The proprietary funds reflected a combined increase in net assets of \$273,052.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$2,523,848 in expenditures and can be briefly summarized as follows:

- \$134,385 in increases for general government administration
- \$ 62,809 in increases for judicial administration
- \$744,739 in increases for public safety
- \$202,789 in increases for public works
- \$233,942 in increases for health and welfare
- \$226,507 in increases for education
- \$640,998 in increases for capital projects
- \$277,679 in other increases

Of this increase, \$137,307 was to be funded from intergovernmental revenues. The remaining \$2,386,541 was to be budgeted from available fund balance and other revenue increases. During the year, however, expenditures were less than budgetary estimates by \$2,023,323 thus eliminating the need to draw upon all of the \$2,360,164 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, 2012 amounts to \$7,920,169 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Investment in capital assets for the County's proprietary operations amounts to \$28,793,815 as of June 30, 2012. 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 \$6,791,915 for its governmental operations. Of this amount \$5,217,692 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations \$1,574,223 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). Business-type debt is comprised of \$10,270,219 bonds secured solely by water and sewer revenues, \$196,631 treatment plant upgrade and compensated absences of \$16,402.

The County's total debt outstanding decreased by \$636,482 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 6.7 percent, which is a decrease from a rate of 7.4 percent a year ago. This is slightly higher than the state's average unemployment rate of 5.4 percent and compares favorably to the national average rate of 7.5 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 2013 fiscal year.

The fiscal year 2013 general fund budget amounted to \$25,685,272.

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, 2012

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit School Board
ASSETS				
Cash and cash equivalents	\$ 6,445,026	\$ 1,027,886	\$ 7,472,912	\$ 330,019
Cash in custody of others	-	-	-	78,479
Investments	3,424,348	514,508	3,938,856	2,247,439
Receivables (net of allowance for uncollectibles):				
Taxes receivable	746,543	-	746,543	-
Accounts receivable	107,767	88,426	196,193	64,540
Due from other governmental units	692,547	-	692,547	677,257
Restricted assets:				
Temporarily restricted:				
Cash and investments	-	538,590	538,590	-
Capital assets (net of accumulated depreciation):				
Land	378,301	427,377	805,678	258,916
Buildings and system	6,268,620	19,063,161	25,331,781	6,743,287
Machinery and equipment	644,312	42,976	687,288	762,368
Intangible assets	-	1,131,363	1,131,363	-
Construction in progress	628,936	8,128,938	8,757,874	383,765
Total assets	\$ 19,336,400	\$ 30,963,225	\$ 50,299,625	\$ 11,546,070
LIABILITIES				
Accounts payable	\$ 618,891	\$ 80,197	\$ 699,088	\$ 155,053
Accrued liabilities	-	-	-	1,609,505
Customers' deposits	-	35	35	-
Accrued interest payable	60,172	16,387	76,559	38,806
Due to other governmental units	34,292	-	34,292	72,751
Unearned revenue	27,483	-	27,483	-
Long-term liabilities:				
Due within one year	628,290	161,085	789,375	249,884
Due in more than one year	6,163,625	10,322,167	16,485,792	3,043,990
Total liabilities	\$ 7,532,753	\$ 10,579,871	\$ 18,112,624	\$ 5,169,989
NET ASSETS				
Invested in capital assets, net of related debt	\$ 4,522,423	\$ 18,326,965	\$ 22,849,388	\$ 6,309,174
Restricted for:				
Debt service and bond covenants	-	538,590	538,590	-
Unrestricted (deficit)	7,281,224	1,517,799	8,799,023	66,907
Total net assets	\$ 11,803,647	\$ 20,383,354	\$ 32,187,001	\$ 6,376,081

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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,035,878	\$ -	\$ 217,736	\$ -
Judicial administration	917,536	92,185	439,836	-
Public safety	4,550,670	96,520	1,235,718	150,000
Public works	2,471,093	322,715	22,000	
Health and welfare	3,436,498	-	2,079,965	-
Education	7,929,075	-	-	-
Parks, recreation, and cultural	652,666	24	8,599	-
Community development	537,924	-	6,096	-
Interest on long-term debt	241,132	-	-	-
Total governmental activities	\$ 22,772,472	\$ 511,444	\$ 4,009,950	\$ 150,000
Business-type activities:				
Water and sewer	\$ 1,678,618	\$ 919,632	\$ -	\$ 883,337
Montross sewer	385,733	255,706	253,868	-
Total business-type activities	\$ 2,064,351	\$ 1,175,338	\$ 253,868	\$ 883,337
Total primary government	\$ 24,836,823	\$ 1,686,782	\$ 4,263,818	\$ 1,033,337
COMPONENT UNIT:				
School Board	\$ 18,771,563	\$ 273,427	\$ 9,811,599	\$ 151,322

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
Gain on disposal of capital assets
Total general revenues
Change in net assets
Net assets - beginning, as restated
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (1,818,142)		\$ (1,818,142)	
(385,515)		(385,515)	
(3,068,432)		(3,068,432)	
(2,126,378)		(2,126,378)	
(1,356,533)		(1,356,533)	
(7,929,075)		(7,929,075)	
(644,043)		(644,043)	
(531,828)		(531,828)	
(241,132)		(241,132)	
<u>\$ (18,101,078)</u>		<u>\$ (18,101,078)</u>	
	\$ 124,351	\$ 124,351	
	<u>123,841</u>	<u>123,841</u>	
	\$ 248,192	\$ 248,192	
	<u>\$ 248,192</u>	<u>\$ (17,852,886)</u>	
			\$ <u>(8,535,215)</u>
\$ 14,110,456	\$ -	\$ 14,110,456	\$ -
702,646	-	702,646	-
321,200	-	321,200	-
506,275	-	506,275	-
164,307	-	164,307	-
56,483	-	56,483	-
303,864	7,392	311,256	29,995
147,919	17,468	165,387	218,286
-	-	-	7,878,866
1,914,849	-	1,914,849	-
209,852	-	209,852	-
<u>\$ 18,437,851</u>	<u>\$ 24,860</u>	<u>\$ 18,462,711</u>	<u>\$ 8,127,147</u>
336,773	273,052	609,825	(408,068)
11,466,874	20,110,302	31,577,176	6,784,149
<u>\$ 11,803,647</u>	<u>\$ 20,383,354</u>	<u>\$ 32,187,001</u>	<u>\$ 6,376,081</u>

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2012

	General	General Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 6,354,190	\$ 41,542	\$ 49,294	\$ 6,445,026
Investments	2,116,039	1,164,804	143,505	3,424,348
Receivables (net of allowance for uncollectibles):				
Taxes receivable	746,543	-	-	746,543
Accounts receivable	96,576	-	11,191	107,767
Due from other governmental units	692,547	-	-	692,547
Total assets	<u>\$ 10,005,895</u>	<u>\$ 1,206,346</u>	<u>\$ 203,990</u>	<u>\$ 11,416,231</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 618,891	\$ -	\$ -	\$ 618,891
Due to other governmental units	34,292	-	-	34,292
Deferred revenue	701,786	-	-	701,786
Total liabilities	<u>\$ 1,354,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,354,969</u>
Fund balances:				
Restricted	\$ 1,490,211	\$ -	\$ -	\$ 1,490,211
Committed	2,271,871	-	203,990	2,475,861
Assigned	1,330,363	1,206,346	-	2,536,709
Unassigned	3,558,481	-	-	3,558,481
Total fund balances	<u>\$ 8,650,926</u>	<u>\$ 1,206,346</u>	<u>\$ 203,990</u>	<u>\$ 10,061,262</u>
Total liabilities and fund balances	<u>\$ 10,005,895</u>	<u>\$ 1,206,346</u>	<u>\$ 203,990</u>	<u>\$ 11,416,231</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, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 10,061,262
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 378,301	
Construction in progress	628,936	
Buildings and improvements, net of depreciation	6,268,620	
Machinery and equipment, net of depreciation	<u>644,312</u>	7,920,169

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	674,303
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest on debt	\$ (60,172)	
Bonds and notes payable	(4,971,969)	
Compensated absences	(488,907)	
Landfill accrued closure/post-closure costs	<u>(1,331,039)</u>	<u>(6,852,087)</u>

Net assets of governmental activities	\$ <u><u>11,803,647</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2012

	General	General Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 14,042,729	\$ -	\$ -	\$ 14,042,729
Other local taxes	1,750,911	-	-	1,750,911
Permits, privilege fees, and regulatory licenses	312,833	-	-	312,833
Fines and forfeitures	73,609	-	-	73,609
Revenue from the use of money and property	138,174	5,757	159,933	303,864
Charges for services	119,877	-	5,125	125,002
Miscellaneous	147,519	400	-	147,919
Recovered costs	877,416	-	-	877,416
Intergovernmental revenues:				
Commonwealth	5,009,964	-	-	5,009,964
Federal	1,064,835	-	-	1,064,835
Total revenues	\$ 23,537,867	\$ 6,157	\$ 165,058	\$ 23,709,082
EXPENDITURES				
Current:				
General government administration	\$ 1,944,503	\$ -	\$ -	\$ 1,944,503
Judicial administration	913,738	-	-	913,738
Public safety	5,336,694	-	-	5,336,694
Public works	2,473,391	-	-	2,473,391
Health and welfare	3,279,533	-	-	3,279,533
Education	7,821,850	-	-	7,821,850
Parks, recreation, and cultural	442,584	-	-	442,584
Community development	509,465	-	-	509,465
Nondepartmental	199,991	-	-	199,991
Capital projects	666,131	14,804	-	680,935
Debt service:				
Principal retirement	364,000	59,579	148,013	571,592
Interest and other fiscal charges	161,925	19,898	50,137	231,960
Total expenditures	\$ 24,113,805	\$ 94,281	\$ 198,150	\$ 24,406,236
Excess (deficiency) of revenues over (under) expenditures	\$ (575,938)	\$ (88,124)	\$ (33,092)	\$ (697,154)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 79,477	\$ -	\$ 79,477
Transfers out	(79,477)	-	-	(79,477)
Sale of capital assets	-	644,914	-	644,914
Total other financing sources (uses)	\$ (79,477)	\$ 724,391	\$ -	\$ 644,914
Net change in fund balances	\$ (655,415)	\$ 636,267	\$ (33,092)	\$ (52,240)
Fund balances - beginning, as restated	9,306,341	570,079	237,082	10,113,502
Fund balances - ending	\$ 8,650,926	\$ 1,206,346	\$ 203,990	\$ 10,061,262

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, 2012

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

Net change in fund balances - total governmental funds	\$	(52,240)
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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	\$	933,221	
Depreciation expense		<u>(537,872)</u>	395,349

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.	(435,062)
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Transfer of joint tenancy assets from Primary Government to the Component Unit	(159,906)
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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.	67,727
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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	\$	(7,759)	
Lease revenue bonds		195,174	
General obligation bonds		115,000	
State literary fund loans		<u>249,000</u>	551,415

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	\$	(33,756)	
Accrued interest on debt		<u>3,246</u>	<u>(30,510)</u>

Change in net assets of governmental activities	\$	<u><u>336,773</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, 2012

	Enterprise Funds		
	Water and Sewer Fund	Montross Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 721,101	\$ 306,785	\$ 1,027,886
Investments	514,156	352	514,508
Accounts receivable, net of allowance for uncollectibles	69,649	18,777	88,426
Due from other governmental units	-	-	-
Total current assets	\$ 1,304,906	\$ 325,914	\$ 1,630,820
Noncurrent assets:			
Restricted assets:			
Cash and investments	\$ 484,590	\$ 54,000	\$ 538,590
Total restricted assets	\$ 484,590	\$ 54,000	\$ 538,590
Capital assets:			
Land	\$ 381,020	\$ 46,357	\$ 427,377
Buildings and system	18,145,652	5,360,621	23,506,273
Machinery and equipment	105,123	3,395	108,518
Intangible assets	1,209,113	-	1,209,113
Less: accumulated depreciation	(3,919,074)	(667,330)	(4,586,404)
Construction in progress	8,128,938	-	8,128,938
Total capital assets	\$ 24,050,772	\$ 4,743,043	\$ 28,793,815
Total noncurrent assets	\$ 24,535,362	\$ 4,797,043	\$ 29,332,405
Total assets	\$ 25,840,268	\$ 5,122,957	\$ 30,963,225
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 64,018	\$ 16,179	\$ 80,197
Customers' deposits	35	-	35
Accrued interest payable	15,186	1,201	16,387
Compensated absences - current portion	1,288	352	1,640
Treatment plant agreement - current portion	11,232	-	11,232
Bonds payable - current portion	137,217	10,996	148,213
Total current liabilities	\$ 228,976	\$ 28,728	\$ 257,704
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 9,172,366	\$ 949,640	\$ 10,122,006
Treatment plant agreement - noncurrent portion	185,399	-	185,399
Compensated absences - net of current portion	11,591	3,171	14,762
Total noncurrent liabilities	\$ 9,369,356	\$ 952,811	\$ 10,322,167
Total liabilities	\$ 9,598,332	\$ 981,539	\$ 10,579,871
NET ASSETS			
Invested in capital assets, net of related debt	\$ 14,544,558	\$ 3,782,407	\$ 18,326,965
Restricted for debt service and bond covenants	484,590	54,000	538,590
Unrestricted	1,212,788	305,011	1,517,799
Total net assets	\$ 16,241,936	\$ 4,141,418	\$ 20,383,354

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, 2012

	Enterprise Funds		
	Water and Sewer Fund	Montross Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 30,574	\$ -	\$ 30,574
Sewer revenues	856,105	255,706	1,111,811
Other revenues	32,953	-	32,953
Total operating revenues	<u>\$ 919,632</u>	<u>\$ 255,706</u>	<u>\$ 1,175,338</u>
OPERATING EXPENSES			
Water	\$ 16,809	\$ -	\$ 16,809
Sewer	589,052	172,748	761,800
Other expenses	2,793	-	2,793
Depreciation	648,045	169,511	817,556
Total operating expenses	<u>\$ 1,256,699</u>	<u>\$ 342,259</u>	<u>\$ 1,598,958</u>
Operating income (loss)	<u>\$ (337,067)</u>	<u>\$ (86,553)</u>	<u>\$ (423,620)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	\$ 6,996	\$ 396	\$ 7,392
Availability/connection/tap fees	211,118	42,750	253,868
Interest expense	(421,919)	(43,474)	(465,393)
Other nonoperating item	15,559	1,909	17,468
Total nonoperating revenues (expenses)	<u>\$ (188,246)</u>	<u>\$ 1,581</u>	<u>\$ (186,665)</u>
Income before contributions and transfers	<u>\$ (525,313)</u>	<u>\$ (84,972)</u>	<u>\$ (610,285)</u>
Capital contributions and construction grants	<u>\$ 883,337</u>	<u>\$ -</u>	<u>\$ 883,337</u>
Change in net assets	<u>\$ 358,024</u>	<u>\$ (84,972)</u>	<u>\$ 273,052</u>
Total net assets - beginning, as restated	15,883,912	4,226,390	20,110,302
Total net assets - ending	<u>\$ 16,241,936</u>	<u>\$ 4,141,418</u>	<u>\$ 20,383,354</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, 2012

	Enterprise Funds		
	Water and Sewer Fund	Montross Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 885,226	\$ 252,454	\$ 1,137,680
Payments to suppliers	(533,391)	(109,760)	(643,151)
Payments to and for employees	(169,939)	(52,838)	(222,777)
Net cash provided by (used for) operating activities	<u>\$ 181,896</u>	<u>\$ 89,856</u>	<u>\$ 271,752</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to utility plant	\$ (655,713)	\$ -	\$ (655,713)
Principal payments on bonds	(98,643)	(10,513)	(109,156)
Principal payments on treatment plant agreement	(11,236)	-	(11,236)
Contributions and grants in aid of construction	988,903	-	988,903
Interest payments	(411,229)	(43,487)	(454,716)
Availability/connection fees	211,118	42,750	253,868
Other	15,559	1,909	17,468
Net cash provided by (used for) capital and related financing activities	<u>\$ 38,759</u>	<u>\$ (9,341)</u>	<u>\$ 29,418</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	\$ (2,097)	\$ (130)	\$ (2,227)
Interest and dividends received	6,996	396	7,392
Net cash provided by (used for) investing activities	<u>\$ 4,899</u>	<u>\$ 266</u>	<u>\$ 5,165</u>
Net increase (decrease) in cash and cash equivalents	\$ 225,554	\$ 80,781	\$ 306,335
Cash and cash equivalents - beginning	495,547	226,004	721,551
Cash and cash equivalents - ending	<u>\$ 721,101</u>	<u>\$ 306,785</u>	<u>\$ 1,027,886</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ (337,067)</u>	<u>\$ (86,553)</u>	<u>\$ (423,620)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	\$ 648,045	\$ 169,511	\$ 817,556
(Increase) decrease in accounts receivable	(20,677)	(3,252)	(23,929)
Increase (decrease) in customer deposits	(13,729)	-	(13,729)
Increase (decrease) in accounts payable	(95,944)	9,849	(86,095)
Increase (decrease) in compensated absences	1,268	301	1,569
Total adjustments	<u>\$ 518,963</u>	<u>\$ 176,409</u>	<u>\$ 695,372</u>
Net cash provided by (used for) operating activities	<u>\$ 181,896</u>	<u>\$ 89,856</u>	<u>\$ 271,752</u>

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

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>212,274</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 50,055
Amounts held for social services clients	14,061
Amounts held for alternative education program	<u>148,158</u>
Total liabilities	\$ <u>212,274</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, 2012

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

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

A. Financial Reporting Entity (Continued)

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

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component 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.

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

A. Financial Reporting Entity (Continued)

Exclusions from the Reporting Entity: (Continued)

1. Jointly Governed Organizations: (Continued)

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

a. Northern Neck Regional Jail

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

b. Rappahannock Regional Library

The Rappahannock Regional Library is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Counties of Westmoreland, Stafford and Spotsylvania and the City of Fredericksburg provide the financial support for the Library and appoint its governing Board, in which is vested the ability to execute contracts and to budget and to expend funds. The County appoints one (1) of the seven (7) members of the Board. No one locality contributes more than 50% of the Library's funding. The County provided \$396,198 in operating funds to the Library in 2012.

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, 2012.

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

A. Financial Reporting Entity (Continued)

Exclusions from the Reporting Entity: (Continued)

d. Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. Westmoreland County along with 16 other counties appoint one member each to the Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Westmoreland County contributed \$136,982 to the Middle Peninsula Juvenile Detention Commission for the fiscal year ended June 30, 2012.

Obtaining of Financial Statements for Jointly Governed Organizations

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

B. Government-Wide and Fund Financial Statements

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

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 2012.

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

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

1. Governmental Funds:

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

- a. General Fund - The General Fund is the primary operating fund of the County. This Fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.
- b. Debt Service Funds - The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The A.T. Johnson Fund is the only debt service fund.
- c. Capital Projects Funds - The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The General Capital Projects Fund is considered a major fund.

2. Proprietary Funds:

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

- a. Enterprise or Business Funds - Enterprise or Business Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. The Enterprise Funds consist of the following funds:
 - Water and Sewer Fund - This fund accounts for income and expenses of the Rt. 3 Corridor, water services, Washington District sewer service and the Coles Point Sewer Service.

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

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

2. Proprietary Funds: (Continued)

- 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.
- 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.

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

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

4. Component Unit:

Westmoreland County School Board:

The Westmoreland County School Board has the following funds:

Governmental Funds:

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

C. Basis of Accounting

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

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

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

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

C. Basis of Accounting (Continued)

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

D. Budgets and Budgetary Accounting

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

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

Encumbrances:

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

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings and open-houses are conducted to obtain citizen comments. Also, several work sessions between the Board of Supervisors and School Board are conducted on the School Board budget.

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

D. Budgets and Budgetary Accounting: (Continued)

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

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

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all County and School Board funds.
8. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2012, 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, 2012 (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 \$141,097 at June 30, 2012 and is comprised of the following:

General Fund--taxes receivable	\$ 141,097
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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 and the asset has an estimated life in excess of two years. The County and Component Unit School Board do not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are property of the Commonwealth of Virginia. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

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

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

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

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

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

Interest on cost of construction funds for the Proprietary Funds is capitalized where applicable. No interest was capitalized in fiscal year 2012.

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 obligations at face value. The face value of the obligations is believed to approximate fair value.

L. Fund Equity

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

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

L. Fund Equity: (Continued)

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors or the County Administrator.

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

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

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:				
Restricted:				
Post closure	\$ 1,378,858	\$ -	\$ -	\$ 1,378,858
Underground tanks	20,000	-	-	20,000
Car tax relief	91,353	-	-	91,353
Total Restricted Fund Balance	\$ 1,490,211	\$ -	\$ -	\$ 1,490,211
Committed:				
Debt service	\$ -	\$ -	\$ 203,990	\$ 203,990
New courthouse	1,833,452	-	-	1,833,452
Land purchase	418,419	-	-	418,419
Other purposes	20,000	-	-	20,000
Total Committed Fund Balance	\$ 2,271,871	\$ -	\$ 203,990	\$ 2,475,861
Assigned:				
Capital projects	\$ 206,063	\$ 1,206,346	\$ -	\$ 1,412,409
Planning	73,755	-	-	73,755
General properties	114,926	-	-	114,926
Tourism	72,474	-	-	72,474
Comprehensive services	72,525	-	-	72,525
Other purposes	790,620	-	-	790,620
Total Assigned Fund Balance	\$ 1,330,363	\$ 1,206,346	\$ -	\$ 2,536,709
Unassigned Fund Balance	\$ 3,558,481	\$ -	\$ -	\$ 3,558,481
Total Fund Balances	\$ 8,650,926	\$ 1,206,346	\$ 203,990	\$ 10,061,262

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements As of June 30, 2012 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The County's investments at June 30, 2012 were held in the County's name by the County's custodial bank.

Credit Risk of Debt Securities

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

The County's rated debt investments as of June 30, 2012 were rated by *Standard & Poor's* and/or an equivalent national rating organization and the ratings are presented below using the *Standard & Poor's* rating scale.

County's Rated Debt Investments' Values				
Rated Debt Investments	Fair Quality Ratings			
	AAA _m	AA+	A+	A-
U.S. Agencies	\$ -	\$ 2,777,082	\$ -	\$ -
Corporate Debt	-	825,428	820,106	645,643
Virginia State Non-Arbitrage Program	78,479	-	-	-
Money Market Mutual Fund	3,569,512	-	-	-
Total	\$ 3,647,991	\$ 3,602,510	\$ 820,106	\$ 645,643

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Concentration of Credit Risk

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

Interest Rate Risk

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

The interest rate risk is summarized below:

Investment Maturities (in years)				
Investment Type	Fair Value	Less Than		1-5 Years
		1 Year		
U.S. Treasuries	\$ 1,087,113	\$ 1,063,753	\$	23,360
U.S. Agencies	2,777,082	372,330		2,404,752
Corporate Bonds	2,291,177	406,230		1,884,947
Total	\$ 6,155,372	\$ 1,842,313	\$	4,313,059

External Investment Pools

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

NOTE 3 - PROPERTY TAXES:

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

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

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

Property taxes for calendar year 2011 were levied by the County Board of Supervisors on May 1, 2011, on the assessed value listed as of January 1, 2011.

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 3 - PROPERTY TAXES: (CONTINUED)

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

On April 18, 2000 the County adopted a resolution which established a separate tax district to pay all or any portion of the County's expenditures for operating the Westmoreland County school division. This resulted in two separate sets of tax rates. One set of rates for taxpayers residing in the area of the Town of Colonial Beach, and a different set of rates for those residing in the remainder of the County. For calendar year 2011 the rates per \$100 of assessed value were as follows:

	<u>Colonial Beach</u>	<u>All Other</u>
Real Estate	0.29	0.46
Personal Property	1.61	3.00
Machinery and Tools	1.50	1.50
Merchants Capital	0.24	0.46

NOTE 4 - RECEIVABLES:

Accounts Receivable:

Receivables at June 30, 2012 consist of the following:

	<u>Primary Government</u> <u>Governmental Activities</u>			<u>Business-</u>	<u>Component</u>
	<u>Other</u>			<u>Type</u>	<u>Unit</u>
	<u>General</u>	<u>Governmental</u>	<u>Total</u>	<u>Activities</u>	<u>School</u> <u>Board</u>
Property taxes	\$ 887,640	\$ -	\$ 887,640	\$ -	\$ -
Utility taxes	27,075	-	27,075	-	-
Rescue recovery	25,414	-	25,414	-	-
E-Rate	-	-	-	-	42,017
Water and sewer charges	-	-	-	88,426	-
Other	44,087	11,191	55,278	-	22,523
Total	\$ 984,216	\$ 11,191	\$ 995,407	\$ 88,426	\$ 64,540
Allowance for uncollectibles	(141,097)	-	(141,097)	-	-
Net receivables	<u>\$ 843,119</u>	<u>\$ 11,191</u>	<u>\$ 854,310</u>	<u>\$ 88,426</u>	<u>\$ 64,540</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2012:

	<u>Governmental Activities</u>	<u>Component Unit</u>
	<u>General</u>	<u>School Board</u>
Commonwealth of Virginia:		
Local sales taxes	\$ 163,843	\$ -
Communication taxes	110,928	-
State sales taxes	-	387,180
Social Services	119,233	-
Comprehensive Services Act	88,983	-
Shared expenses and grants	141,109	-
Other	68,451	2,806
Federal pass-through school funds	<u>-</u>	<u>287,271</u>
Total	<u>\$ 692,547</u>	<u>\$ 677,257</u>

NOTE 6 - INTERFUND BALANCES AND TRANSFERS:

Primary Government:

Transfers To/From Other Funds:

Transfers to the Capital Projects Fund from the General Fund to pay general obligation debt service and related costs	\$ <u>79,477</u>
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Total transfers	\$ <u><u>79,477</u></u>
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Reconciliation of transfers:

Transfers in - governmental funds	\$ <u>79,477</u>
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Total transfers	\$ <u><u>79,477</u></u>
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COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 7 - DUE TO OTHER GOVERNMENTAL UNITS:

At June 30, 2012:

	<u>Governmental Activities</u>	<u>Component Unit</u>
	<u>General</u>	<u>School Board</u>
Town of Colonial Beach:		
Sales tax	\$ 30,786	\$ 72,751
Town of Montross:		
Sales tax	<u>3,506</u>	<u>-</u>
Total	\$ <u><u>34,292</u></u>	\$ <u><u>72,751</u></u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 8 - CAPITAL ASSETS:

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

Primary Government:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 378,301	\$ -	\$ -	\$ 378,301
Construction in Progress	<u>60,971</u>	<u>567,965</u>	<u>-</u>	<u>628,936</u>
Total capital assets not being depreciated	<u>\$ 439,272</u>	<u>\$ 567,965</u>	<u>\$ -</u>	<u>\$ 1,007,237</u>
Other capital assets:				
Buildings	\$ 8,768,132	\$ 42,065	\$ 644,536	\$ 8,165,661
Machinery, equipment and vehicles	2,638,447	229,191	78,515	2,789,123
Jointly owned assets	<u>3,581,860</u>	<u>94,000</u>	<u>249,000</u>	<u>3,426,860</u>
Total other capital assets	<u>\$ 14,988,439</u>	<u>\$ 365,256</u>	<u>\$ 972,051</u>	<u>\$ 14,381,644</u>
Accumulated depreciation:				
Buildings	\$ 4,623,029	\$ 308,974	\$ 209,474	\$ 4,722,529
Machinery, equipment and vehicles	2,035,747	187,579	78,515	2,144,811
Jointly owned assets	<u>649,147</u>	<u>41,319</u>	<u>89,094</u>	<u>601,372</u>
Total accumulated depreciation	<u>\$ 7,307,923</u>	<u>\$ 537,872</u>	<u>\$ 377,083</u>	<u>\$ 7,468,712</u>
Other capital assets, net	<u>\$ 7,680,516</u>	<u>\$ (172,616)</u>	<u>\$ 594,968</u>	<u>\$ 6,912,932</u>
Net capital assets	<u>\$ 8,119,788</u>	<u>\$ 395,349</u>	<u>\$ 594,968</u>	<u>\$ 7,920,169</u>
Depreciation is allocated to:				
General government administration		\$ 94,706		
Public safety		150,843		
Health and welfare		93,831		
Education		41,319		
Public works		24,297		
Parks and recreation		103,512		
Community Development		<u>29,364</u>		
Total		<u>\$ 537,872</u>		

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 8 - CAPITAL ASSETS: (Continued)

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 427,377	\$ -	\$ -	\$ 427,377
Construction in progress	7,473,225	655,713	-	8,128,938
Total capital assets not being depreciated	\$ 7,900,602	\$ 655,713	\$ -	\$ 8,556,315
Other capital assets:				
Buildings and systems	\$ 23,506,273	\$ -	\$ -	\$ 23,506,273
Intangible assets	1,209,113	-	-	1,209,113
Machinery and equipment	108,518	-	-	108,518
Total other capital assets	\$ 24,823,904	\$ -	\$ -	\$ 24,823,904
Accumulated depreciation:				
Buildings and systems	\$ 3,672,320	\$ 770,792	\$ -	\$ 4,443,112
Intangible assets	41,163	36,587	-	77,750
Machinery and equipment	55,364	10,178	-	65,542
Total accumulated depreciation	\$ 3,768,847	\$ 817,557	\$ -	\$ 4,586,404
Other capital assets, net	\$ 21,055,057	\$ (817,557)	\$ -	\$ 20,237,500
Net capital assets	\$ 28,955,659	\$ (161,844)	\$ -	\$ 28,793,815
Depreciation is allocated to:				
Water operations		\$ 47,354		
Sewer operations		770,203		
Total		\$ 817,557		

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 8 - CAPITAL ASSETS: (Continued)

Component Unit-School Board:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 258,916	\$ -	\$ -	\$ 258,916
Construction in Progress	<u>-</u>	<u>383,765</u>	<u>-</u>	<u>383,765</u>
Total capital assets not being depreciated	\$ <u>258,916</u>	\$ <u>383,765</u>	\$ <u>-</u>	\$ <u>642,681</u>
Other capital assets:				
Buildings	\$ 8,463,298	\$ -	\$ -	\$ 8,463,298
Machinery, equipment and vehicles	3,439,960	109,341	-	3,549,301
Jointly owned assets	<u>6,392,000</u>	<u>249,000</u>	<u>-</u>	<u>6,641,000</u>
Total other capital assets	\$ <u>18,295,258</u>	\$ <u>358,341</u>	\$ <u>-</u>	\$ <u>18,653,599</u>
Accumulated depreciation:				
Buildings	\$ 6,306,820	\$ 536,061	\$ -	\$ 6,842,881
Machinery, equipment and vehicles	2,648,385	138,548	-	2,786,933
Jointly owned assets	<u>1,429,036</u>	<u>89,094</u>	<u>-</u>	<u>1,518,130</u>
Total accumulated depreciation	\$ <u>10,384,241</u>	\$ <u>763,703</u>	\$ <u>-</u>	\$ <u>11,147,944</u>
Other capital assets, net	\$ <u>7,911,017</u>	\$ <u>(405,362)</u>	\$ <u>-</u>	\$ <u>7,505,655</u>
Net capital assets	\$ <u><u>8,169,933</u></u>	\$ <u><u>(21,597)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>8,148,336</u></u>
Depreciation is allocated to education		\$ <u>674,609</u>		
Depreciation expense		\$ 674,609		
Transfer of accumulated depreciation on jointly owned assets		<u>89,094</u>		
Total increases in accumulated depreciation above		\$ <u><u>763,703</u></u>		

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, 2012, is that school financed assets in the amount of \$3,426,860 are reported in the Primary Government for financial reporting purposes.

NOTE 9 - DEFINED BENEFIT PENSION PLAN:

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

A. Plan Description:

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

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLAN: (Continued)

A. Plan Description: (Continued)

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2011-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2012 were 10.81% and 8.07% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$501,935, \$302,083 and \$581,325, to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011 and 2010, respectively and these contributions represented 6.33%, 3.93% and 8.81%, respectively, of current covered payroll. The contribution rate for April - June 2010 was 0%.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLAN: (Continued)

C. Annual Pension Cost:

For fiscal year 2012, the County's annual pension cost of \$483,488 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, 2010	\$ 425,343	100%	-
June 30, 2011	478,623	100%	-
June 30, 2012	483,488	100%	-

For fiscal year 2012, the County School Board's annual pension cost for the Board's non-professional employees was \$75,402 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, 2010	\$ 86,172	100%	-
June 30, 2011	77,553	100%	-
June 30, 2012	75,402	100%	-

The FY2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the County School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the unfunded actuarial accrued liability (UAAL) was 20 years.

NOTE 9 - DEFINED BENEFIT PENSION PLAN: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the County's plan was 75.47% funded. The actuarial accrued liability for benefits was \$20,636,913, and the actuarial value of assets was \$15,575,423 resulting in an unfunded actuarial accrued liability (UAAL) of \$5,061,490. The covered payroll (annual payroll of active employees covered by the plan) was \$4,502,014 and ratio of the UAAL to the covered payroll was 112.43%.

As of June 30, 2011, the most recent actuarial valuation date, the County School Board's plan was 84.02% funded. The actuarial accrued liability for benefits was \$3,550,164, and the actuarial value of assets was \$2,982,900, resulting in an unfunded actuarial accrued liability (UAAL) of \$567,264. The covered payroll (annual payroll of active employees covered by the plan) was \$885,929, and ratio of the UAAL to the covered payroll was 64.03%.

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

NOTE 10 - COMPENSATED ABSENCES:

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 11 - LONG TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2012:

	Balance July 1, 2011	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2012
Long-term obligations from governmental activities:				
Lease revenue bonds	\$ 1,868,743	\$ -	\$ 207,592	\$ 1,661,151
Less deferred amount on refunding	(99,346)	12,418	-	(86,928)
General obligation bonds:				
School	1,860,000	-	115,000	1,745,000
State Literary Fund loans:				
School	1,901,746	-	249,000	1,652,746
Landfill closure/postclosure liability	1,323,280	7,759	-	1,331,039
Compensated absences	455,151	33,756	-	488,907
Total from governmental activities	\$ 7,309,574	\$ 53,933	\$ 571,592	\$ 6,791,915
Long-term obligations from business activities:				
Virginia Resources Authority revenue bonds	\$ 10,379,375	\$ -	\$ 109,156	\$ 10,270,219
Treatment plant upgrade agreement	207,867	-	11,236	196,631
Compensated absences	14,833	1,569	-	16,402
Total from business activities	\$ 10,602,075	\$ 1,569	\$ 120,392	\$ 10,483,252
Long-term obligations from component unit:				
Retirement incentive obligation	\$ 195,305	\$ -	\$ 94,551	\$ 100,754
Capital leases	1,968,173	-	129,011	1,839,162
Other post employment benefits	886,644	442,644	121,500	1,207,788
Compensated absences	125,350	20,820	-	146,170
Total from component unit	\$ 3,175,472	\$ 463,464	\$ 345,062	\$ 3,293,874
Total long-term obligations	\$ 21,087,121	\$ 518,966	\$ 1,037,046	\$ 20,569,041
Reconciliation to Exhibit 1:				
Primary Government				
Long-term liabilities due within one year			\$	789,375
Long-term liabilities due in more than one year				16,485,792
Component Unit				
Long-term liabilities due within one year				249,884
Long-term liabilities due in more than one year				3,043,990
Total long-term obligations			\$	20,569,041

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 11 - LONG TERM OBLIGATIONS: (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 974,111	\$ 689,307
2014	886,725	655,840
2015	907,475	628,438
2016	932,171	600,224
2017	951,950	571,033
2018-2022	3,425,297	2,448,783
2023-2027	2,023,010	2,056,333
2028-2032	1,441,330	1,279,925
2033-2037	1,712,328	980,772
2038-2042	2,048,070	616,255
2043-2047	1,599,134	244,037
2048-2050	564,062	25,548
Total	<u>\$ 17,465,663</u>	<u>\$ 10,796,495</u>

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

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities:</u>		
<u>General Obligation Bonds:</u>		
\$1,975,000 general obligation school bonds, payable in annual principal installments of \$115,000, due on June 1 through 2027, interest payable semi-annually at 5.31%.	\$ 1,745,000	\$ 115,000
<u>Lease Revenue Bonds:</u>		
\$2,848,683 Refunding lease revenue bonds, payable in various annual installments ranging from \$166,844 to \$260,989, due on January 15 through 2020, interest payable semi-annually at 3.71%.	\$ 1,661,151	\$ 215,399
Less deferred amount on refunding	(86,928)	-
Total lease revenue bonds	<u>\$ 1,574,223</u>	<u>\$ 215,399</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 11 - LONG TERM OBLIGATIONS: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities: (Continued)</u>		
<u>State Literary Fund Loans:</u>		
\$680,635, issued July 25, 1996, due in annual installments of \$34,000 through May 15, 2018, interest payable annually at 3%.	\$ 204,835	\$ 34,000
\$992,911, issued July 25, 1996, due in annual installments of \$50,000 through May 15, 2015, interest payable annually at 3%.	292,911	50,000
\$3,300,000, issued November 15, 1997, due in annual installments of \$165,000 through November 15, 2019, interest at 3%.	<u>1,155,000</u>	<u>165,000</u>
Total State Literary Fund Loans	\$ <u>1,652,746</u>	\$ <u>249,000</u>
	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Landfill closure and post-closure care monitoring liability</u>	\$ <u>1,331,039</u>	\$ <u>-</u>
<u>Compensated absences payable from general fund</u>	\$ <u>488,907</u>	\$ <u>48,891</u>
Total long-term obligations from governmental activities	<u>\$ 6,791,915</u>	<u>\$ 628,290</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.	\$ 272,787	\$ 4,619
\$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.	1,057,918	21,362
\$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.	549,954	8,976
\$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.	352,336	4,909
\$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.	278,171	3,975
\$1,174,000 Lease revenue bonds, payable in 454 monthly installments of \$5,107 beginning on October 26, 2007, interest payable at 4.125% per year.	1,106,665	15,933

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 11 - LONG TERM OBLIGATIONS: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Business-Type Activities: (Continued)</u>		
<u>Lease Revenue Bonds: (Continued)</u>		
\$1,000,000 Lease revenue bonds, payable in 480 monthly installments of \$4,500 beginning on July 20, 2008, interest payable at 4.50% per year.	\$ 960,636	\$ 10,996
\$1,287,000 Lease revenue bonds, payable in 454 monthly installments of \$5,599 beginning on October 26, 2007, interest payable at 4.125% per year.	1,213,156	17,473
\$1,500,000 revenue bonds, payable in 454 monthly installments of \$5,010 beginning on February 5, 2012, interest payable at 2.375% per year. Interest only due on January 5, 2011 and January 5, 2012.	1,489,755	25,011
\$3,003,000 revenue bonds, payable in 456 monthly installments of \$12,823 beginning on February 5, 2012, interest payable at 4.00% per year. Interest only due on January 5, 2011 and January 5, 2012.	<u>2,988,841</u>	<u>34,959</u>
Total Lease Revenue bonds	\$ <u>10,270,219</u>	\$ <u>148,213</u>
Treatment plant upgrade agreement with the Town of Colonial Beach payable in 222 monthly installments of \$936 beginning July 1, 2011. Interest payable at 0.00% per year.	\$ <u>196,631</u>	\$ <u>11,232</u>
<u>Compensated absences payable from water and sewer funds</u>	\$ <u>16,402</u>	\$ <u>1,640</u>
Total long-term obligations from business-type activities	\$ <u><u>10,483,252</u></u>	\$ <u><u>161,085</u></u>
<u>Component Unit:</u>		
<u>Early Retirement Incentive Costs:</u>		
The Westmoreland County School Board adopted the early retirement incentive program. \$1,005,614, early retirement incentive obligation loan payable in annual installments of \$107,363 including principal and interest through 2012, interest at 6.56%. The balance of this liability is	\$ <u>100,754</u>	\$ <u>100,754</u>
<u>Capital Leases:</u>		
The School Board purchased energy savings equipment under a capital lease agreement. Title to the equipment passes to the entity upon completion of payment of the minimum lease payments. There are no restrictions imposed by the agreements. The balance of capital leases at June 30, 2011 is	\$ <u>1,839,162</u>	\$ <u>134,513</u>
<u>Compensated absences payable from school fund</u>	\$ <u>146,170</u>	\$ <u>14,617</u>
<u>Other Post Employment Benefits from school fund</u>	\$ <u>1,207,788</u>	\$ <u>-</u>
Total long-term obligations from component unit	\$ <u><u>3,293,874</u></u>	\$ <u><u>249,884</u></u>
Total long-term obligations	\$ <u><u>20,569,041</u></u>	\$ <u><u>1,039,259</u></u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 12 - UNEARNED/DEFERRED REVENUE:

At June 30, 2012:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Deferred property tax revenue:		
Deferred revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 674,303
Deferred revenue representing rescue recovery collections	27,483	27,483
Total	\$ 27,483	\$ 701,786

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, 2012 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, 2012 (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 \$1,331,039 reported as landfill closure and post closure liability at June 30, 2012, represents the remainder of the liability to close the landfill and the estimated liability for post closure monitoring as well as corrective action costs. These amounts are based on what it would cost to perform all closure and post closure care in 2012. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

NOTE 16 - RISK MANAGEMENT:

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

NOTE 17 - SURETY BOND INFORMATION:

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

NOTE 18—OTHER POST-EMPLOYMENT BENEFIT HEALTH INSURANCE 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. This is determined annually as part of the budgetary process. The School Board contributes \$430.80 per month towards participants' premiums, and \$522.30 per month for retiree and spouse/dependent coverage, participating retirees pay the remainder of the monthly premiums. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution	\$	439,000
Interest on net OPEB obligation		35,466
Adjustment to annual required contribution		(31,822)
Annual OPEB cost (expense)	\$	<u>442,644</u>
Contributions made		(121,500)
Increase in net OPEB obligation	\$	<u>321,144</u>
Net OPEB obligation-beginning of year		886,644
Net OPEB obligation-end of year	\$	<u><u>1,207,788</u></u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

School Board: (Continued)

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

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 398,162	\$ 32%	\$ 555,262
June 30, 2011	441,282	25%	886,644
June 30, 2012	442,644	27%	1,207,788

Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 3,230,700
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	3,230,700
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	9,067,800
UAAL as a percentage of covered payroll	35.63%

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

Actuarial Methods and Assumptions

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

NOTE 18—OTHER POST-EMPLOYMENT BENEFIT HEALTH INSURANCE PROGRAM: (Continued)School Board: (Continued)C. Annual OPEB Cost and Net OPEB Obligation: (Continued)Cost Method

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

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

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

Interest Assumptions

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

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

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

A. Plan Description

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

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

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

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2012 was .08% of annual covered payroll.

C. OPEB Cost and Net OPEB Obligation

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

For 2012, the County's contribution of \$3,578 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and 2011 were as follows:

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 3,578	100%	-
June 30, 2011	3,542	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 45,851
Actuarial value of plan assets	7,487
Unfunded actuarial accrued liability	38,364
Funded ratio (actuarial value of plan assets/AAL)	16.33%
Covered payroll (active plan members)	1,608,390
UAAL as a percentage of covered payroll	2.39%

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2011 was 30 years.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

F. Professional Employees - Discretely Presented Component Unit School Board

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2012, 2011, and 2010 were \$47,577, \$46,120, and \$82,234, respectively and equaled the required contributions for each year.

NOTE 20—RESTATEMENT:

Fund Balance/Net assets as of July 1, 2011 were restated as follows:

		Net Assets - Governmental Activities	Fund Balance - General General Fund					
Beginning balances as previously reported	\$	11,525,844	\$	9,365,311				
Reclassification of Commission on History and Archaeology Fund		15,524		15,524				
Restatement to reclassify rescue recovery funds as deferred revenue		(74,494)		(74,494)				
Beginning balances as restated	\$	11,466,874	\$	9,306,341				
		Net Assets - Water Fund	Net Assets - Coles Point Wastewater Fund	Net Assets - Washington District S/W Fund				
Beginning balances as previously reported	\$	482,682	\$	4,923,465	\$	10,477,765	\$	-
Consolidation of Enterprise Funds		(482,682)		(4,923,465)		(10,477,765)		15,883,912
Beginning balances as restated	\$	-	\$	-	\$	-	\$	15,883,912

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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, 2012

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 14,497,248	\$ 14,497,248	\$ 14,042,729	\$	(454,519)
Other local taxes	1,740,078	1,740,078	1,750,911		10,833
Permits, privilege fees, and regulatory licenses	168,600	168,600	312,833		144,233
Fines and forfeitures	81,500	82,247	73,609		(8,638)
Revenue from the use of money and property	144,342	144,342	138,174		(6,168)
Charges for services	44,876	44,876	119,877		75,001
Miscellaneous	54,956	113,994	147,519		33,525
Recovered costs	595,312	725,566	877,416		151,850
Intergovernmental revenues:					
Commonwealth	4,951,115	5,259,461	5,009,964		(249,497)
Federal	1,251,068	1,080,029	1,064,835		(15,194)
Total revenues	\$ 23,529,095	\$ 23,856,441	\$ 23,537,867	\$	(318,574)
EXPENDITURES					
Current:					
General government administration	\$ 2,341,983	\$ 2,476,368	\$ 1,944,503	\$	531,865
Judicial administration	922,553	985,362	913,738		71,624
Public safety	4,619,050	5,363,789	5,336,694		27,095
Public works	2,560,283	2,763,072	2,473,391		289,681
Health and welfare	3,476,092	3,710,034	3,279,533		430,501
Education	7,595,543	7,821,850	7,821,850		-
Parks, recreation, and cultural	463,718	463,718	442,584		21,134
Community development	573,334	839,454	509,465		329,989
Nondepartmental	192,887	204,446	199,991		4,455
Capital projects	342,112	983,110	666,131		316,979
Debt service:					
Principal retirement	364,000	364,000	364,000		-
Interest and other fiscal charges	161,925	161,925	161,925		-
Total expenditures	\$ 23,613,480	\$ 26,137,128	\$ 24,113,805	\$	2,023,323
Excess (deficiency) of revenues over (under) expenditures					
	\$ (84,385)	\$ (2,280,687)	\$ (575,938)	\$	1,704,749
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (79,477)	\$ (79,477)	\$ (79,477)	\$	-
Net change in fund balances	\$ (163,862)	\$ (2,360,164)	\$ (655,415)	\$	1,704,749
Fund balances - beginning, as restated	163,862	2,360,164	9,306,341		6,946,177
Fund balances - ending	\$ -	\$ -	\$ 8,650,926	\$	8,650,926

Schedules of Pension and OPEB 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)
6/30/2011	\$ 15,575,423	\$ 20,636,913	\$ 5,061,490	75.47%	\$ 4,502,014	112.43%
6/30/2010	15,155,651	19,717,619	4,561,968	76.86%	4,326,727	105.44%
6/30/2009	15,060,362	17,760,240	2,699,878	84.80%	4,352,119	62.04%

Health Insurance Credit Program:

Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 7,487	\$ 45,851	\$ 38,364	16.33%	\$ 1,608,390	2.39%
6/30/2010	5,005	44,833	39,828	11.16%	4,326,727	0.92%

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARDSCHOOL 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)
6/30/2011	\$ 2,982,900	\$ 3,550,164	\$ 567,264	84.02%	\$ 885,929	64.03%
6/30/2010	2,920,349	3,398,304	477,955	85.94%	974,509	49.05%
6/30/2009	2,885,384	3,112,009	226,625	92.72%	982,625	23.06%

OTHER POST-EMPLOYMENT BENEFITS:

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

* Only two years of valuations available.

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 5,757	\$ (2,243)
Miscellaneous	-	-	400	400
Total revenues	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 6,157</u>	<u>\$ (1,843)</u>
EXPENDITURES				
Capital projects	\$ 25,700	\$ 25,700	\$ 14,804	\$ 10,896
Debt service:				
Principal retirement	59,579	59,579	59,579	-
Interest and other fiscal charges	19,898	19,898	19,898	-
Total expenditures	<u>\$ 105,177</u>	<u>\$ 105,177</u>	<u>\$ 94,281</u>	<u>\$ 10,896</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (97,177)</u>	<u>\$ (97,177)</u>	<u>\$ (88,124)</u>	<u>\$ 9,053</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 79,477	\$ 79,477	\$ 79,477	\$ -
Sale of capital assets	-	-	644,914	644,914
Total other financing sources (uses)	<u>\$ 79,477</u>	<u>\$ 79,477</u>	<u>\$ 724,391</u>	<u>\$ 644,914</u>
Net change in fund balances	\$ (17,700)	\$ (17,700)	\$ 636,267	\$ 653,967
Fund balances - beginning	17,700	17,700	570,079	552,379
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,206,346</u>	<u>\$ 1,206,346</u>

Balance Sheet
Nonmajor Debt Service Fund
June 30, 2012

		AT Johson Debt Service Fund
<hr/>		
ASSETS		
Cash and cash equivalents	\$	49,294
Investments		143,505
Receivables (net of allowance for uncollectibles):		
Accounts receivable		11,191
Total assets	\$	<u>203,990</u>
LIABILITIES AND FUND BALANCES		
Fund balances:		
Committed	\$	<u>203,990</u>
Total fund balances	\$	<u>203,990</u>
Total liabilities and fund balances	\$	<u>203,990</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Debt Service Fund
 For the Year Ended June 30, 2012

	AT Johson Debt Service Fund
	<u> </u>
REVENUES	
Revenue from the use of money and property	\$ 159,933
Charges for services	5,125
Total revenues	\$ <u>165,058</u>
EXPENDITURES	
Debt service:	
Principal retirement	\$ 148,013
Interest and other fiscal charges	50,137
Total expenditures	\$ <u>198,150</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(33,092)</u>
Net change in fund balances	\$ (33,092)
Fund balances - beginning	<u>237,082</u>
Fund balances - ending	<u><u>\$ 203,990</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Debt Service Fund
 For the Year Ended June 30, 2012

	AT Johnson Debt Service Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 161,660	\$ 161,660	\$ 159,933	\$ (1,727)
Charges for services	3,000	3,000	5,125	2,125
Total revenues	\$ 164,660	\$ 164,660	\$ 165,058	\$ 398
EXPENDITURES				
Debt service:				
Principal retirement	\$ 148,014	\$ 148,014	\$ 148,013	\$ 1
Interest and other fiscal charges	51,433	51,433	50,137	1,296
Total expenditures	\$ 199,447	\$ 199,447	\$ 198,150	\$ 1,297
Excess (deficiency) of revenues over (under) expenditures	\$ (34,787)	\$ (34,787)	\$ (33,092)	\$ 1,695
Net change in fund balances	\$ (34,787)	\$ (34,787)	\$ (33,092)	\$ 1,695
Fund balances - beginning	34,787	34,787	237,082	202,295
Fund balances - ending	\$ -	\$ -	\$ 203,990	\$ 203,990

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2012

	Agency Funds		
	Special Welfare	Alternative Education Fund	Total
ASSETS			
Cash and cash equivalents	\$ 29,149	\$ 183,125	\$ 212,274
LIABILITIES			
Accounts payable and accrued liabilities	\$ 15,088	\$ 34,967	\$ 50,055
Amounts held for social services clients	14,061	-	14,061
Amounts held for alternative education	-	148,158	148,158
Total liabilities	\$ 29,149	\$ 183,125	\$ 212,274

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Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2012

	Balance Beginning of year as Restated	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 30,098	\$ 29,149	\$ 30,098	\$ 29,149
Total assets	<u>\$ 30,098</u>	<u>\$ 29,149</u>	<u>\$ 30,098</u>	<u>\$ 29,149</u>
LIABILITIES				
Accounts payable	\$ 16,038	\$ 15,088	\$ 16,038	\$ 15,088
Amounts held for social services clients	14,060	14,061	14,060	14,061
Total liabilities	<u>\$ 30,098</u>	<u>\$ 29,149</u>	<u>\$ 30,098</u>	<u>\$ 29,149</u>
Bridge House Fund:				
ASSETS				
Cash and cash equivalents	\$ 6,135	\$ -	\$ 6,135	\$ -
Investments, at fair value:				
U.S. government obligations	37,256	-	37,256	-
Corporate bonds	5,061	-	5,061	-
Total assets	<u>\$ 48,452</u>	<u>\$ -</u>	<u>\$ 48,452</u>	<u>\$ -</u>
LIABILITIES				
Amounts held for Bridge House	\$ 48,452	\$ -	\$ 48,452	\$ -
Total liabilities	<u>\$ 48,452</u>	<u>\$ -</u>	<u>\$ 48,452</u>	<u>\$ -</u>
Alternative Education Fund:				
ASSETS				
Cash and cash equivalents	\$ 177,812	\$ 301,655	\$ 296,342	\$ 183,125
Total assets	<u>\$ 177,812</u>	<u>\$ 301,655</u>	<u>\$ 296,342</u>	<u>\$ 183,125</u>
LIABILITIES				
Amounts payable and accrued liabilities	\$ 34,691	\$ 34,967	\$ 34,691	\$ 34,967
Amounts held for alternative education program	143,121	266,688	261,651	148,158
Total liabilities	<u>\$ 177,812</u>	<u>\$ 301,655</u>	<u>\$ 296,342</u>	<u>\$ 183,125</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 214,045	\$ 330,804	\$ 332,575	\$ 212,274
Investments, at fair value:				
U.S. government obligations	37,256	-	37,256	-
Corporate bonds	5,061	-	5,061	-
Total assets	<u>\$ 256,362</u>	<u>\$ 330,804</u>	<u>\$ 374,892</u>	<u>\$ 212,274</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 50,729	\$ 50,055	\$ 50,729	\$ 50,055
Amounts held for social services clients	14,060	14,061	14,060	14,061
Amounts held for Bridge House	48,452	-	48,452	-
Amounts held for alternative education program	143,121	266,688	261,651	148,158
Total liabilities	<u>\$ 256,362</u>	<u>\$ 330,804</u>	<u>\$ 374,892</u>	<u>\$ 212,274</u>

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2012

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 50	\$ 329,969	\$ 330,019
Cash in custody of others	78,479	-	78,479
Investments	2,247,439	-	2,247,439
Receivables (net of allowance for uncollectibles):			
Accounts receivable	63,969	571	64,540
Due from other governmental units	645,213	32,044	677,257
Total assets	<u>\$ 3,035,150</u>	<u>\$ 362,584</u>	<u>\$ 3,397,734</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 150,637	\$ 4,416	\$ 155,053
Accrued liabilities	1,565,311	44,194	1,609,505
Due to other governmental units	72,751	-	72,751
Total liabilities	<u>\$ 1,788,699</u>	<u>\$ 48,610</u>	<u>\$ 1,837,309</u>
Fund balances:			
Committed - cafeteria	\$ -	\$ 313,974	\$ 313,974
Assigned - capital outlays	504,801	-	504,801
Assigned - other purposes	220	-	220
Unassigned	741,430	-	741,430
Total fund balances	<u>\$ 1,246,451</u>	<u>\$ 313,974</u>	<u>\$ 1,560,425</u>
Total liabilities and fund balances	<u>\$ 3,035,150</u>	<u>\$ 362,584</u>	<u>\$ 3,397,734</u>

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

Total fund balances per above \$ 1,560,425

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

Land	\$ 258,916	
Construction in progress	383,765	
Buildings and systems	6,743,287	
Machinery and equipment	<u>762,368</u>	8,148,336

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

Compensated absences	\$ (146,170)	
Accrued interest payable	(38,806)	
Other post employment benefits	(1,207,788)	
Capital leases	(1,839,162)	
Retirement incentive obligation	<u>(100,754)</u>	(3,332,680)

Net assets of governmental activities \$ 6,376,081

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2012

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 29,864	\$ 131	\$ 29,995
Charges for services	1,650	271,777	273,427
Miscellaneous	214,004	4,282	218,286
Intergovernmental revenues:			
Local government	7,812,960	-	7,812,960
Commonwealth	7,405,095	14,831	7,419,926
Federal	1,896,016	646,979	2,542,995
Total revenues	<u>\$ 17,359,589</u>	<u>\$ 938,000</u>	<u>\$ 18,297,589</u>
EXPENDITURES			
Current:			
Education	\$ 16,883,257	\$ 889,275	\$ 17,772,532
Capital projects	477,765	-	477,765
Debt service:			
Principal retirement	223,562	-	223,562
Interest and other fiscal charges	94,521	-	94,521
Total expenditures	<u>\$ 17,679,105</u>	<u>\$ 889,275</u>	<u>\$ 18,568,380</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (319,516)</u>	<u>\$ 48,725</u>	<u>\$ (270,791)</u>
Net change in fund balances	<u>\$ (319,516)</u>	<u>\$ 48,725</u>	<u>\$ (270,791)</u>
Fund balances - beginning	1,565,967	265,249	1,831,216
Fund balances - ending	<u>\$ 1,246,451</u>	<u>\$ 313,974</u>	<u>\$ 1,560,425</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 \$ (270,791)

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	\$ 493,106	
Depreciation expense	<u>(674,609)</u>	(181,503)

Transfer of joint tenancy assets from Primary Government to the Component Unit 159,906

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 129,011

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	\$ (20,820)	
Other post employment benefits	(321,144)	
Accrued interest payable	2,722	
Retirement incentive obligation	<u>94,551</u>	(244,691)
Change in net assets of governmental activities		<u>\$ (408,068)</u>

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COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2012

	School Operating Fund				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
REVENUES					
Revenue from the use of money and property	\$ 29,793	\$ 29,793	\$ 29,864	\$	71
Charges for services	-	-	1,650		1,650
Miscellaneous	99,201	99,201	214,004		114,803
Intergovernmental revenues:					
Local government	7,586,653	7,812,960	7,812,960		-
Commonwealth	7,114,600	7,306,136	7,405,095		98,959
Federal	1,477,235	1,883,158	1,896,016		12,858
Total revenues	\$ 16,307,482	\$ 17,131,248	\$ 17,359,589	\$	228,341
EXPENDITURES					
Current:					
Education	\$ 16,206,179	\$ 17,758,619	\$ 16,883,257	\$	875,362
Capital projects	29,643	530,934	477,765		53,169
Debt service:					
Principal retirement	223,562	223,562	223,562		-
Interest and other fiscal charges	97,042	97,042	94,521		2,521
Total expenditures	\$ 16,556,426	\$ 18,610,157	\$ 17,679,105	\$	931,052
Excess (deficiency) of revenues over (under) expenditures	\$ (248,944)	\$ (1,478,909)	\$ (319,516)	\$	1,159,393
Net change in fund balances	\$ (248,944)	\$ (1,478,909)	\$ (319,516)	\$	1,159,393
Fund balances - beginning	248,944	1,478,909	1,565,967		87,058
Fund balances - ending	\$ -	\$ -	\$ 1,246,451	\$	1,246,451

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 279	\$ 279	\$ 131	\$ (148)
265,468	265,468	271,777	6,309
-	-	4,282	4,282
-	-	-	-
15,108	15,108	14,831	(277)
463,052	568,845	646,979	78,134
<u>\$ 743,907</u>	<u>\$ 849,700</u>	<u>\$ 938,000</u>	<u>\$ 88,300</u>
\$ 861,785	\$ 967,578	\$ 889,275	\$ 78,303
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 861,785</u>	<u>\$ 967,578</u>	<u>\$ 889,275</u>	<u>\$ 78,303</u>
<u>\$ (117,878)</u>	<u>\$ (117,878)</u>	<u>\$ 48,725</u>	<u>\$ 166,603</u>
\$ (117,878)	\$ (117,878)	\$ 48,725	\$ 166,603
117,878	117,878	265,249	147,371
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,974</u>	<u>\$ 313,974</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, 2012

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	\$ 10,732,930	\$ 10,732,930	\$ 10,495,659	\$ (237,271)
Real and personal public service corporation taxes	222,880	222,880	231,755	8,875
Personal property taxes	3,032,672	3,032,672	2,792,115	(240,557)
Mobile home taxes	23,086	23,086	21,238	(1,848)
Machinery and tools taxes	120,000	120,000	100,193	(19,807)
Farm machinery and tools taxes	80,000	80,000	80,614	614
Merchants capital taxes	55,680	55,680	37,028	(18,652)
Penalties	167,000	167,000	191,584	24,584
Interest	63,000	63,000	92,543	29,543
Total general property taxes	\$ 14,497,248	\$ 14,497,248	\$ 14,042,729	\$ (454,519)
Other local taxes:				
Local sales and use taxes	\$ 708,978	\$ 708,978	\$ 702,646	\$ (6,332)
Consumers' utility taxes	314,000	314,000	321,200	7,200
Utility gross receipts taxes	48,000	48,000	49,277	1,277
Motor vehicle licenses	498,600	498,600	506,275	7,675
Bank stock taxes	6,000	6,000	3,515	(2,485)
Taxes on recordation and wills	160,000	160,000	164,307	4,307
E-911 taxes	4,500	4,500	3,691	(809)
Total other local taxes	\$ 1,740,078	\$ 1,740,078	\$ 1,750,911	\$ 10,833
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 10,179	\$ 2,179
Permits and other licenses	160,600	160,600	302,654	142,054
Total permits, privilege fees, and regulatory licenses	\$ 168,600	\$ 168,600	\$ 312,833	\$ 144,233
Fines and forfeitures:				
Court fines and forfeitures	\$ 81,500	\$ 82,247	\$ 73,609	\$ (8,638)
Revenue from use of money and property:				
Revenue from use of money	\$ 86,892	\$ 86,892	\$ 78,561	\$ (8,331)
Revenue from use of property	57,450	57,450	59,613	2,163
Total revenue from use of money and property	\$ 144,342	\$ 144,342	\$ 138,174	\$ (6,168)
Charges for services:				
Sheriff's fees	\$ 1,500	\$ 1,500	\$ 1,096	\$ (404)
Charges for law enforcement and traffic control	7,676	7,676	7,404	(272)
Charges for courthouse maintenance	6,000	6,000	14,746	8,746
Charges for court appointed attorney	2,000	2,000	932	(1,068)
Concealed weapons permits	3,000	3,000	4,223	1,223
Charges for Commonwealth's Attorney	500	500	2,898	2,398

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2012 (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	\$ 5,600	\$ 5,600	\$ 62,188	\$ 56,588
Charges for animal control	8,000	8,000	11,430	3,430
Charges for sanitation and waste removal	10,500	10,500	14,936	4,436
Charges for parks, recreation and cultural	100	100	24	(76)
Total charges for services	\$ 44,876	\$ 44,876	\$ 119,877	\$ 75,001
Miscellaneous revenue:				
Expenditure refunds	\$ -	\$ -	\$ 405	\$ 405
Miscellaneous other	54,956	113,994	147,114	33,120
Total miscellaneous revenue	\$ 54,956	\$ 113,994	\$ 147,519	\$ 33,525
Recovered costs:				
Other recovered costs	\$ 123,812	\$ 125,012	\$ 171,142	\$ 46,130
Rescue recovery	471,500	600,554	706,274	105,720
Total recovered costs	\$ 595,312	\$ 725,566	\$ 877,416	\$ 151,850
Total revenue from local sources	\$ 17,326,912	\$ 17,516,951	\$ 17,463,068	\$ (53,883)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 15,000	\$ 15,000	\$ 18,321	\$ 3,321
Motor vehicle rental tax	1,000	1,000	2,103	1,103
State recordation tax	105,472	105,472	63,209	(42,263)
Tax on deeds	30,000	30,000	40,655	10,655
Communication sales and use taxes	600,000	600,000	649,524	49,524
Personal property tax relief funds	1,139,678	1,139,678	1,139,679	1
Total noncategorical aid	\$ 1,891,150	\$ 1,891,150	\$ 1,913,491	\$ 22,341
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 246,577	\$ 246,577	\$ 240,640	\$ (5,937)
Sheriff	903,777	903,777	921,777	18,000
Commissioner of revenue	92,818	92,818	92,688	(130)
Treasurer	92,790	92,790	85,548	(7,242)
Medical examiner	400	400	-	(400)
Registrar/electoral board	38,906	38,906	39,500	594
Clerk of the Circuit Court	180,080	180,217	199,196	18,979
Total shared expenses	\$ 1,555,348	\$ 1,555,485	\$ 1,579,349	\$ 23,864

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2012 (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)				
Categorical aid: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	\$ 721,399	\$ 675,842	\$ 454,866	\$ (220,976)
Two for life	18,392	19,120	19,120	-
Litter control grant	6,000	6,000	6,096	96
E-911 wireless grant	-	150,000	150,000	-
DCJS grant	45,410	46,318	46,210	(108)
Fire programs	36,348	36,348	36,163	(185)
Comprehensive Services Act	488,250	650,070	616,241	(33,829)
VJCCA grants	149,318	149,318	136,982	(12,336)
Library grant	-	8,599	8,599	-
DMV grants	-	30,400	-	(30,400)
Wireless grant	38,000	38,000	40,000	2,000
Other categorical aid	1,500	2,811	2,847	36
Total other categorical aid	\$ 1,504,617	\$ 1,812,826	\$ 1,517,124	\$ (295,702)
Total categorical aid	\$ 3,059,965	\$ 3,368,311	\$ 3,096,473	\$ (271,838)
Total revenue from the Commonwealth	\$ 4,951,115	\$ 5,259,461	\$ 5,009,964	\$ (249,497)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 1,300	\$ 1,300	\$ 1,358	\$ 58
Total noncategorical aid	\$ 1,300	\$ 1,300	\$ 1,358	\$ 58
Categorical aid:				
Welfare administration and public assistance	\$ 1,249,768	\$ 1,077,722	\$ 1,008,858	\$ (68,864)
DMV grants	-	-	30,309	30,309
FEMA grant	-	-	22,000	22,000
Criminal justice grants	-	1,007	2,310	1,303
Total categorical aid	\$ 1,249,768	\$ 1,078,729	\$ 1,063,477	\$ (15,252)
Total revenue from the federal government	\$ 1,251,068	\$ 1,080,029	\$ 1,064,835	\$ (15,194)
Total General Fund	\$ 23,529,095	\$ 23,856,441	\$ 23,537,867	\$ (318,574)
Debt Service Funds:				
AT Johnson Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,200	\$ 1,200	\$ 1,654	\$ 454
Revenue from the use of property	160,460	160,460	158,279	(2,181)
Total revenue from use of money and property	\$ 161,660	\$ 161,660	\$ 159,933	\$ (1,727)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Funds: (Continued)				
AT Johnson Debt Service Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Other charges for services	\$ 3,000	\$ 3,000	\$ 5,125	\$ 2,125
Total revenue from local sources	\$ 164,660	\$ 164,660	\$ 165,058	\$ 398
Total AT Johnson Debt Service Fund	\$ 164,660	\$ 164,660	\$ 165,058	\$ 398
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 8,000	\$ 8,000	\$ 5,757	\$ (2,243)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 400	\$ 400
Total revenue from local sources	\$ 8,000	\$ 8,000	\$ 6,157	\$ (1,843)
Total General Capital Projects Fund	\$ 8,000	\$ 8,000	\$ 6,157	\$ (1,843)
Total Primary Government	\$ 23,701,755	\$ 24,029,101	\$ 23,709,082	\$ (320,019)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,500	\$ 2,500	\$ 2,127	\$ (373)
Revenue from the use of property	27,293	27,293	27,737	444
Total revenue from use of money and property	\$ 29,793	\$ 29,793	\$ 29,864	\$ 71
Charges for services:				
Charges for education	\$ -	\$ -	\$ 1,650	\$ 1,650
Miscellaneous revenue:				
Expenditure refunds	\$ 89,548	\$ 89,548	\$ 162,805	\$ 73,257
Other miscellaneous	9,653	9,653	51,199	41,546
Total miscellaneous revenue	\$ 99,201	\$ 99,201	\$ 214,004	\$ 114,803
Total revenue from local sources	\$ 128,994	\$ 128,994	\$ 245,518	\$ 116,524
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Westmoreland, Virginia	\$ 7,586,653	\$ 7,812,960	\$ 7,812,960	\$ -

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,397,034	\$ 1,397,034	\$ 1,555,338	\$ 158,304
Basic school aid	3,732,789	3,732,789	3,661,277	(71,512)
Remedial education	216,200	216,200	184,803	(31,397)
Gifted and talented	36,439	36,439	35,910	(529)
Special education	513,380	513,380	505,938	(7,442)
Vocational SOQ payments	78,546	78,546	77,407	(1,139)
Social security fringe benefits	223,490	223,490	220,251	(3,239)
Retirement fringe benefits	202,437	202,437	199,503	(2,934)
State lottery payments	-	-	42,614	42,614
Early reading intervention	19,671	19,671	19,671	-
At risk payments	204,708	204,708	201,679	(3,029)
Technology	154,000	154,000	151,322	(2,678)
Standards of Learning algebra readiness	20,123	20,123	20,197	74
K-3 initiatives	-	191,536	190,037	(1,499)
Other state funds	315,783	315,783	339,148	23,365
Total categorical aid	\$ 7,114,600	\$ 7,306,136	\$ 7,405,095	\$ 98,959
Total revenue from the Commonwealth	\$ 7,114,600	\$ 7,306,136	\$ 7,405,095	\$ 98,959
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 432,984	\$ 771,747	\$ 750,604	\$ (21,143)
Title VI-B, flow-through	306,303	312,434	333,437	21,003
Title VI-B, preschool	17,198	17,198	19,083	1,885
Title I ARRA	-	2,855	2,855	-
1003 G school improvement	179,167	179,167	114,224	(64,943)
Drug free schools	-	-	150	150
Education technology formula grant	3,264	3,264	3,867	603
Community learning center grant	194,000	194,000	270,779	76,779
ARRA education jobs fund	-	-	4,891	4,891
Interest subsidy	104,872	104,872	104,873	1
Title II Part A	109,218	103,087	91,290	(11,797)
Other federal funds	130,229	194,534	199,963	5,429
Total categorical aid	\$ 1,477,235	\$ 1,883,158	\$ 1,896,016	\$ 12,858
Total revenue from the federal government	\$ 1,477,235	\$ 1,883,158	\$ 1,896,016	\$ 12,858
Total School Operating Fund	\$ 16,307,482	\$ 17,131,248	\$ 17,359,589	\$ 228,341

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2012 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 279	\$ 279	\$ 131	\$ (148)
Charges for services:				
Cafeteria sales	\$ 265,468	\$ 265,468	\$ 271,777	\$ 6,309
Miscellaneous revenue:				
Other miscellaneous	-	-	4,282	4,282
Total revenue from local sources	\$ 265,747	\$ 265,747	\$ 276,190	\$ 10,443
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 15,108	\$ 15,108	\$ 14,831	\$ (277)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 463,052	\$ 552,258	\$ 640,022	\$ 87,764
Other categorical aid	-	16,587	6,957	(9,630)
Total categorical aid	\$ 463,052	\$ 568,845	\$ 646,979	\$ 78,134
Total revenue from the federal government	463,052	568,845	646,979	78,134
Total School Cafeteria Fund	\$ 743,907	\$ 849,700	\$ 938,000	\$ 88,300
Total Discretely Presented Component Unit - School Board	\$ 17,051,389	\$ 17,980,948	\$ 18,297,589	\$ 316,641

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 86,510	\$ 93,284	\$ 72,215	\$ 21,069
General and financial administration:				
County administrator	\$ 363,332	\$ 363,332	\$ 358,811	\$ 4,521
County attorney	77,442	93,153	58,948	34,205
Independent auditor	46,000	46,920	46,920	-
Commissioner of revenue	341,880	347,540	339,451	8,089
Assessor	346,192	346,192	-	346,192
Treasurer	352,268	364,631	351,863	12,768
Accounting	250,455	257,090	244,344	12,746
Data processing	79,375	134,699	87,669	47,030
Risk management	242,060	254,403	227,588	26,815
Delinquent tax collections	22,638	23,296	18,213	5,083
Dues for local government	5,253	5,253	5,240	13
Total general and financial administration	\$ 2,126,895	\$ 2,236,509	\$ 1,739,047	\$ 497,462
Board of elections:				
Electoral board and officials	\$ 41,844	\$ 43,386	\$ 41,952	\$ 1,434
Registrar	86,734	103,189	91,289	11,900
Total board of elections	\$ 128,578	\$ 146,575	\$ 133,241	\$ 13,334
Total general government administration	\$ 2,341,983	\$ 2,476,368	\$ 1,944,503	\$ 531,865
Judicial administration:				
Courts:				
Circuit court	\$ 32,249	\$ 40,576	\$ 40,163	\$ 413
General district court	3,810	3,810	2,913	897
Juvenile and domestic relations district court	36,240	49,446	28,103	21,343
Clerk of the circuit court	364,314	397,425	367,519	29,906
Victim-witness	45,410	47,698	47,586	112
Other	15,000	15,000	8,861	6,139
Total courts	\$ 497,023	\$ 553,955	\$ 495,145	\$ 58,810
Commonwealth's attorney:				
Commonwealth's attorney	\$ 425,530	\$ 431,407	\$ 418,593	\$ 12,814
Total commonwealth's attorney	\$ 425,530	\$ 431,407	\$ 418,593	\$ 12,814
Total judicial administration	\$ 922,553	\$ 985,362	\$ 913,738	\$ 71,624
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 2,004,185	\$ 2,120,718	\$ 2,059,912	\$ 60,806
Other law enforcement and traffic control	10,000	63,822	58,884	4,938
Sheriff - 911 system	502,081	804,014	778,484	25,530
Total law enforcement and traffic control	\$ 2,516,266	\$ 2,988,554	\$ 2,897,280	\$ 91,274

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public Safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 536,348	\$ 536,348	\$ 536,163	\$ 185
Ambulance and rescue services	830,627	960,009	953,119	6,890
Forestry	7,435	7,435	7,435	-
Total fire and rescue services	<u>\$ 1,374,410</u>	<u>\$ 1,503,792</u>	<u>\$ 1,496,717</u>	<u>\$ 7,075</u>
Correction and detention:				
Juvenile and domestic relations court service unit	\$ 71,911	\$ 163,621	\$ 94,667	\$ 68,954
Juvenile commission crime control	149,318	149,318	136,982	12,336
Total correction and detention	<u>\$ 221,229</u>	<u>\$ 312,939</u>	<u>\$ 231,649</u>	<u>\$ 81,290</u>
Inspections:				
Building	\$ 120,284	\$ 121,215	\$ 108,750	\$ 12,465
Other protection:				
Animal control	\$ 134,288	\$ 154,353	\$ 131,258	\$ 23,095
Medical examiner	200	200	60	140
Emergency management	105,098	121,012	93,378	27,634
Emergency services (civil defense)	147,275	161,724	377,602	(215,878)
Total other protection	<u>\$ 386,861</u>	<u>\$ 437,289</u>	<u>\$ 602,298</u>	<u>\$ (165,009)</u>
Total public safety	<u>\$ 4,619,050</u>	<u>\$ 5,363,789</u>	<u>\$ 5,336,694</u>	<u>\$ 27,095</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 40,000	\$ 40,716	\$ 33,153	\$ 7,563
Sanitation and waste removal:				
Refuse collection	\$ 695,077	\$ 570,383	\$ 531,421	\$ 38,962
Refuse disposal	1,095,617	1,161,119	1,141,694	19,425
Total sanitation and waste removal	<u>\$ 1,790,694</u>	<u>\$ 1,731,502</u>	<u>\$ 1,673,115</u>	<u>\$ 58,387</u>
Maintenance of general buildings and grounds:				
General properties	\$ 729,589	\$ 990,854	\$ 767,123	\$ 223,731
Total public works	<u>\$ 2,560,283</u>	<u>\$ 2,763,072</u>	<u>\$ 2,473,391</u>	<u>\$ 289,681</u>
Health and welfare:				
Health:				
Local health department	\$ 179,243	\$ 179,243	\$ 177,964	\$ 1,279
Mental health and mental retardation:				
Contribution to Chapter X Board	\$ 53,182	\$ 53,182	\$ 53,182	\$ -
Welfare:				
Welfare administration	\$ 1,877,010	\$ 1,948,256	\$ 1,651,045	\$ 297,211
Public assistance	654,157	434,853	380,731	54,122
Comprehensive Services Act	712,500	1,094,500	1,016,611	77,889
Total welfare	<u>\$ 3,243,667</u>	<u>\$ 3,477,609</u>	<u>\$ 3,048,387</u>	<u>\$ 429,222</u>
Total health and welfare	<u>\$ 3,476,092</u>	<u>\$ 3,710,034</u>	<u>\$ 3,279,533</u>	<u>\$ 430,501</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contribution to local school board	\$ 7,586,653	\$ 7,812,960	\$ 7,812,960	\$ -
Contributions to community college	8,890	8,890	8,890	-
Total education	<u>\$ 7,595,543</u>	<u>\$ 7,821,850</u>	<u>\$ 7,821,850</u>	<u>\$ -</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Public landings	\$ 500	\$ 500	\$ -	\$ 500
Total parks and recreation	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 500</u>
Cultural enrichment:				
Westmoreland museum	\$ 46,386	\$ 46,386	\$ 46,386	\$ -
Other cultural enrichment	16,194	16,194	-	16,194
Total cultural enrichment	<u>62,580</u>	<u>62,580</u>	<u>46,386</u>	<u>16,194</u>
Library:				
Contribution to regional library	\$ 400,638	\$ 400,638	\$ 396,198	\$ 4,440
Total parks, recreation, and cultural	<u>\$ 463,718</u>	<u>\$ 463,718</u>	<u>\$ 442,584</u>	<u>\$ 21,134</u>
Community development:				
Planning and community development:				
Planning	\$ 380,906	\$ 419,639	\$ 342,937	\$ 76,702
Community development	37,850	37,850	37,850	-
Northern Neck Planning Commission	32,000	32,000	32,000	-
Planning District Commission	9,500	9,488	7,595	1,893
Zoning board	2,800	2,800	1,828	972
Wetlands board	6,100	6,112	6,111	1
Tourism	31,000	77,175	4,701	72,474
Industrial Development Authority	10,574	38,774	13,774	25,000
Housing assistance	-	78,432	3,000	75,432
Other community development	-	43,405	17,072	26,333
Total planning and community development	<u>\$ 510,730</u>	<u>\$ 745,675</u>	<u>\$ 466,868</u>	<u>\$ 278,807</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 11,350	\$ 11,350	\$ 10,450	\$ 900
Litter control	6,000	11,000	1,000	10,000
Total environmental management	<u>\$ 17,350</u>	<u>\$ 22,350</u>	<u>\$ 11,450</u>	<u>\$ 10,900</u>
Cooperative extension program:				
Cooperative extension program	\$ 45,254	\$ 71,429	\$ 31,147	\$ 40,282
Total cooperative extension program	<u>\$ 45,254</u>	<u>\$ 71,429</u>	<u>\$ 31,147</u>	<u>\$ 40,282</u>
Total community development	<u>\$ 573,334</u>	<u>\$ 839,454</u>	<u>\$ 509,465</u>	<u>\$ 329,989</u>
Nondepartmental:				
Other nondepartmental	\$ 192,887	\$ 204,446	\$ 199,991	\$ 4,455

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Capital projects:				
New courthouse	\$ -	\$ 232,641	\$ 200,125	\$ 32,516
Land acquisition	250,000	250,000	250,000	-
Other capital projects	92,112	500,469	216,006	284,463
Total capital projects	<u>\$ 342,112</u>	<u>\$ 983,110</u>	<u>\$ 666,131</u>	<u>\$ 316,979</u>
Debt service:				
Principal retirement	\$ 364,000	\$ 364,000	\$ 364,000	\$ -
Interest and other fiscal charges	161,925	161,925	161,925	-
Total debt service	<u>\$ 525,925</u>	<u>\$ 525,925</u>	<u>\$ 525,925</u>	<u>\$ -</u>
Total General Fund	<u>\$ 23,613,480</u>	<u>\$ 26,137,128</u>	<u>\$ 24,113,805</u>	<u>\$ 2,023,323</u>
Debt Service Fund:				
AT Johnson Debt Service Fund:				
Debt service:				
Principal retirement	\$ 148,014	\$ 148,014	\$ 148,013	\$ 1
Interest and other fiscal charges	51,433	51,433	50,137	1,296
Total AT Johnson Debt Service Fund	<u>\$ 199,447</u>	<u>\$ 199,447</u>	<u>\$ 198,150</u>	<u>\$ 1,297</u>
Capital Projects Fund:				
General Capital Projects Fund:				
Capital projects expenditures:				
Other capital projects	<u>\$ 25,700</u>	<u>\$ 25,700</u>	<u>\$ 14,804</u>	<u>\$ 10,896</u>
Debt service:				
Principal retirement	\$ 59,579	\$ 59,579	\$ 59,579	\$ -
Interest and other fiscal charges	19,898	19,898	19,898	-
Total debt service	<u>\$ 79,477</u>	<u>\$ 79,477</u>	<u>\$ 79,477</u>	<u>\$ -</u>
Total General Capital Projects Fund	<u>\$ 105,177</u>	<u>\$ 105,177</u>	<u>\$ 94,281</u>	<u>\$ 10,896</u>
Total Primary Government	<u>\$ 23,918,104</u>	<u>\$ 26,441,752</u>	<u>\$ 24,406,236</u>	<u>\$ 2,035,516</u>

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2012 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction costs:				
Classroom instruction	\$ 9,388,291	\$ 10,135,842	\$ 10,013,047	\$ 122,795
Guidance services	398,773	401,028	400,855	173
Social worker services	8,672	15,962	15,962	-
Homebound instruction	22,312	57,322	59,149	(1,827)
Improvement of instruction	68,543	38,709	16,397	22,312
Media services	300,037	299,100	296,814	2,286
Office of the principal	678,820	743,257	740,168	3,089
Total instruction costs	<u>\$ 10,865,448</u>	<u>\$ 11,691,220</u>	<u>\$ 11,542,392</u>	<u>\$ 148,828</u>
Administration, attendance, and health:				
Board services	\$ 36,207	\$ 48,583	\$ 47,771	\$ 812
Executive administration	662,541	688,716	689,785	(1,069)
Fiscal services	117,718	115,295	115,007	288
Health services	159,735	158,324	154,625	3,699
Psychologist services	77,922	77,953	76,913	1,040
Attendance and health services	75,998	78,208	77,926	282
Total administration, attendance, and health	<u>\$ 1,130,121</u>	<u>\$ 1,167,079</u>	<u>\$ 1,162,027</u>	<u>\$ 5,052</u>
Operating costs:				
Pupil transportation	\$ 1,595,007	\$ 2,221,134	\$ 1,756,694	\$ 464,440
Operation and maintenance of school plant	1,654,995	1,658,819	1,535,954	122,865
Operation and maintenance - vehicle services	10,500	6,777	3,192	3,585
Facilities	36,159	29,159	19,191	9,968
Technology	913,949	984,431	863,807	120,624
Total operating costs	<u>\$ 4,210,610</u>	<u>\$ 4,900,320</u>	<u>\$ 4,178,838</u>	<u>\$ 721,482</u>
Total education	<u>\$ 16,206,179</u>	<u>\$ 17,758,619</u>	<u>\$ 16,883,257</u>	<u>\$ 875,362</u>
Capital projects:				
School capital projects	<u>\$ 29,643</u>	<u>\$ 530,934</u>	<u>\$ 477,765</u>	<u>\$ 53,169</u>
Debt service:				
Principal retirement	\$ 223,562	\$ 223,562	\$ 223,562	\$ -
Interest and other fiscal charges	97,042	97,042	94,521	2,521
Total debt service	<u>\$ 320,604</u>	<u>\$ 320,604</u>	<u>\$ 318,083</u>	<u>\$ 2,521</u>
Total School Operating Fund	<u>\$ 16,556,426</u>	<u>\$ 18,610,157</u>	<u>\$ 17,679,105</u>	<u>\$ 931,052</u>
Special Revenue Fund:				
Cafeteria Fund:				
Education:				
School food services:				
Food services	<u>\$ 861,785</u>	<u>\$ 967,578</u>	<u>\$ 889,275</u>	<u>\$ 78,303</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 17,418,211</u>	<u>\$ 19,577,735</u>	<u>\$ 18,568,380</u>	<u>\$ 1,009,355</u>

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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 Ten Fiscal Years

Fiscal Year	General Government		Judicial Admini- stration		Public Safety		Public Works		Health and Welfare		Education		Parks, Recreation, and Cultural		Community Develop- ment		Interest on Long- Term Debt		Water and Sewer		Total
	Admini- stration		Admini- stration		Public Safety		Public Works		Health and Welfare		Education		Parks, Recreation, and Cultural		Community Develop- ment		Interest on Long- Term Debt		Water and Sewer		
2002-03	\$ 1,387,665	\$ 581,882	\$ 2,439,949	\$ 1,430,092	\$ 2,127,505	\$ 4,695,584	\$ 567,168	\$ 476,453	\$ 733,213	\$ 86,119	\$ 14,525,630										
2003-04	1,499,081	677,421	2,805,002	1,769,516	2,579,673	5,370,778	496,022	608,516	704,319	284,937	16,795,265										
2004-05	1,989,844	789,028	3,280,344	1,901,105	3,064,829	5,119,295	575,161	850,272	644,120	703,492	18,917,490										
2005-06	1,872,803	936,588	3,534,557	2,584,020	2,872,215	5,559,083	503,245	790,880	599,097	637,139	19,889,627										
2006-07	1,937,188	923,423	3,813,269	2,517,368	3,405,187	5,711,808	463,444	947,765	533,361	711,813	20,964,626										
2007-08	1,929,089	946,156	4,064,706	2,528,664	3,855,693	5,893,445	513,610	776,685	463,907	755,354	21,727,309										
2008-09	2,127,728	920,085	4,070,888	2,935,668	3,677,723	7,096,142	531,349	477,332	409,540	1,457,659	23,704,114										
2009-10	2,152,355	882,825	4,100,518	4,181,907	3,479,544	7,172,995	531,032	676,913	357,319	1,545,593	25,081,001										
2010-11	2,047,166	907,476	4,095,860	2,392,400	3,267,173	7,866,868	666,480	557,743	194,661	1,641,291	23,637,118										
2011-12	2,035,878	917,536	4,550,670	2,471,093	3,436,498	7,929,075	652,666	537,924	241,132	2,064,351	24,836,823										

COUNTY OF WESTMORELAND, VIRGINIA

Table 2

Government-Wide Revenues

Last Ten Fiscal Years

PROGRAM REVENUES				GENERAL REVENUES						
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain (loss) on Disposal of Capital Assets	Total
2002-03	\$ 340,694	\$ 3,615,520	\$ 2,680,543	\$ 8,289,037	\$ 1,861,540	\$ 642,017	\$ 467,091	\$ 1,255,832	\$ -	\$ 19,152,274
2003-04	215,127	4,994,239	1,223,409	8,761,199	2,126,050	567,648	381,591	1,311,422	289,757	19,870,442
2004-05	343,164	5,034,657	226,804	8,989,988	2,333,601	440,142	613,953	1,299,588	-	19,281,897
2005-06	399,585	4,853,729	2,807,655	9,239,430	2,693,401	478,634	632,606	1,498,132	-	22,603,172
2006-07	770,316	6,473,810	2,152,054	11,916,334	2,631,376	704,259	568,866	1,293,764	(152,754)	26,358,025
2007-08	936,490	5,773,145	4,770,162	12,225,448	2,649,385	839,422	563,516	1,240,601	-	28,998,169
2008-09	1,241,440	4,896,246	-	14,058,354	2,457,899	676,723	600,033	1,294,332	-	25,225,027
2009-10	1,369,318	4,490,855	1,271,784	13,996,800	1,756,532	397,181	2,642,087	1,938,603	-	27,863,160
2010-11	1,318,725	4,181,265	1,131,915	14,032,052	1,691,688	389,539	62,060	1,927,017	-	24,734,261
2011-12	1,686,782	4,263,818	1,033,337	14,110,456	1,750,911	311,256	165,387	1,914,849	209,852	25,446,648

COUNTY OF WESTMORELAND, VIRGINIA

Table 3

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General		Other		Permit Privilege		Fines & Forfeitures	Use of Money & Property	Charges for Services	Miscellaneous	Recovered Costs	Intergovernmental	Total
	Property Taxes	Taxes	Local Taxes	Regulatory Licenses	Fees & Regulatory Licenses								
2003	\$ 8,366,669	\$ 1,861,540	\$ 181,389	\$ 28,129	\$ 655,131	\$ 379,715	\$ 501,795	\$ 165,319	\$ 14,340,517	\$ 26,480,204			
2004	8,609,719	2,126,050	183,385	33,950	574,731	428,955	409,701	131,606	15,996,825	28,494,922			
2005	8,890,202	2,333,601	216,926	68,439	417,798	440,360	790,813	223,357	16,489,708	29,871,204			
2006	9,215,521	2,693,401	302,028	61,286	479,949	443,567	815,325	501,259	17,107,551	31,619,887			
2007	11,982,237	2,631,376	260,445	60,325	651,529	409,437	802,693	496,571	17,841,962	35,136,575			
2008	12,232,890	2,649,385	209,337	75,541	717,712	389,705	817,037	568,817	18,326,640	35,987,064			
2009	13,909,366	2,457,899	217,488	136,695	533,265	378,683	1,026,982	812,592	16,850,180	36,323,150			
2010	13,882,214	1,756,532	247,734	117,645	385,746	331,088	3,011,763	749,569	17,116,895	37,599,186			
2011	14,005,502	1,691,688	232,944	97,568	410,906	336,127	296,101	656,046	15,922,121	33,649,003			
2012	14,042,729	1,750,911	312,833	73,609	328,102	398,429	365,805	877,416	16,037,720	34,187,554			

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

COUNTY OF WESTMORELAND, VIRGINIA

Table 4

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

Fiscal Year	General Government		Judicial Administration		Public Safety		Public Works		Health and Welfare		Recreation and Cultural		Community Development		Non-Departmental		Debt Service		Total	
	Administration		Administration		Public Safety		Public Works		Health and Welfare		Recreation and Cultural		Community Development		Non-Departmental		Debt Service			
2003	\$	1,322,053	\$	630,077	\$	2,544,457	\$	1,435,704	\$	2,132,568	\$	13,886,672	\$	427,484	\$	-	\$	1,642,101	\$	24,556,159
2004		1,388,636		647,060		2,682,973		1,686,590		2,569,845		14,527,102		543,968		54,791		1,643,142		26,232,152
2005		1,814,125		702,249		3,192,806		1,916,163		3,055,441		15,976,207		444,360		71,116		1,618,225		29,300,626
2006		1,829,959		803,974		3,961,572		2,375,560		2,839,575		16,043,901		543,575		63,474		1,650,432		30,611,697
2007		1,734,585		943,246		4,140,783		2,397,311		3,331,790		17,214,087		587,469		101,102		1,584,208		32,481,985
2008		1,875,381		953,929		4,563,061		2,525,615		3,733,412		17,937,265		565,853		125,211		1,546,464		34,323,532
2009		2,038,948		907,316		4,571,090		2,833,071		3,596,622		18,330,747		467,666		94,121		1,730,065		35,085,335
2010		2,060,753		877,830		4,585,658		2,878,497		3,380,986		18,138,812		514,554		131,460		1,564,482		34,648,182
2011		1,987,329		895,219		4,602,138		2,459,360		3,124,656		17,209,298		532,286		159,931		1,038,791		32,516,007
2012		1,944,503		913,738		5,336,694		2,473,391		3,279,533		17,781,422		509,465		199,991		1,121,635		34,002,956

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

COUNTY OF WESTMORELAND, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	(2) Current Tax Collections		Percent of Levy Collected	(1) Delinquent Tax Collections		(2) Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy	
2003	\$ 9,405,005	\$ 9,103,899		96.80%	\$ 198,915	\$ 9,302,814		98.91%	\$ 379,445		4.03%	
2004	9,753,014	9,468,180		97.08%	112,857	9,581,037		98.24%	604,149		6.19%	
2005	9,891,744	9,551,664		96.56%	156,551	9,708,215		98.14%	626,251		6.33%	
2006	10,403,748	10,158,325		97.64%	156,766	10,315,091		99.15%	606,605		5.83%	
2007	13,395,105	12,680,676		94.67%	168,848	12,849,524		95.93%	602,330		4.50%	
2008	13,755,013	12,939,690		94.07%	146,639	13,086,329		95.14%	723,500		5.26%	
2009	14,790,793	14,575,133		98.54%	211,639	14,786,772		99.97%	822,708		5.56%	
2010	14,926,605	14,462,888		96.89%	259,884	14,722,772		98.63%	791,771		5.30%	
2011	15,142,218	14,567,198		96.20%	280,387	14,847,585		98.05%	764,678		5.05%	
2012	15,140,764	14,615,541		96.53%	282,740	14,898,281		98.40%	887,640		5.86%	

(1) Exclusive of penalties and interest.

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

\$1,152,825 in fiscal year 2003, \$1,192,078 in fiscal year 2004,
\$1,068,848 in fiscal year 2005, \$1,268,512 in fiscal year 2006, \$1,142,742 in fiscal year 2007,
\$1,139,679 in fiscal years 2008, 2009, 2010, 2011 and 2012.

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			
2003	\$ 1,035,780,223	\$ 115,702,170	\$ 4,780,630	\$ 5,575,650	\$ 9,941,950	\$ 43,159,255	\$ 1,214,939,878	
2004	1,061,473,808	122,084,750	5,046,460	5,498,930	11,198,540	41,343,710	1,246,646,198	
2005	1,086,823,570	124,665,860	4,905,060	5,448,420	11,029,260	32,989,040	1,265,861,210	
2006	1,123,331,030	138,217,530	5,537,450	6,072,480	11,387,410	26,973,380	1,311,519,280	
2007	2,061,766,020	140,435,940	5,390,610	6,250,300	11,366,300	44,414,760	2,269,623,930	
2008	2,103,141,680	153,700,610	6,311,930	6,165,140	11,561,490	34,201,410	2,315,082,260	
2009	2,172,215,080	157,928,510	6,785,990	6,038,600	13,009,980	34,946,314	2,390,924,474	
2010	2,223,288,450	147,214,970	6,671,900	6,686,780	12,486,540	48,805,697	2,445,154,337	
2011	2,458,924,760	150,426,540	7,934,310	6,425,400	12,715,950	54,042,006	2,690,468,966	
2012	2,475,939,120	152,412,850	7,060,500	6,496,150	9,962,610	54,780,490	2,706,651,720	

(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
2003	\$ 0.66	\$ 2.50	\$ 1.50	\$ 1.25	\$ 0.50	
2004	0.66	2.50	1.50	1.25	0.50	
2005	0.66	2.50	1.50	1.25	0.50	
2006	0.66	2.50	1.50	1.25	0.50	
2007	0.44	3.00	1.50	1.25	0.50	
2008	0.44	3.00	1.50	1.25	0.50	
2009	0.50	3.00	1.50	1.25	0.50	
2010	0.50	3.00	1.50	1.25	0.50	
2011	0.46	3.00	1.50	1.25	0.46	
2012	0.46	3.00	1.50	1.25	0.46	

(1) Per \$100 of assessed value.

(2) Also applies to public utility property.

COUNTY OF WESTMORELAND, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less		Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)			
2003	16,718	\$ 1,214,939,878	\$ 15,444,544	\$ 676,560	\$ 2,121,150	\$ 12,646,834	1.04%	756
2004	16,718	1,246,646,198	14,620,587	660,344	2,118,067	11,842,176	0.95%	708
2005	16,718	1,265,861,210	14,183,925	690,166	2,531,009	10,962,750	0.87%	656
2006	17,227	1,311,519,280	15,280,536	757,270	5,196,951	9,326,315	0.71%	541
2007	17,188	2,269,623,930	14,395,466	769,838	5,167,717	8,457,911	0.37%	492
2008	17,188	2,315,082,260	14,463,398	788,055	6,111,061	7,564,282	0.33%	440
2009	17,462	2,390,924,474	13,498,455	833,640	6,035,963	6,628,852	0.28%	380
2010	17,515	2,445,154,337	10,324,554	561,771	6,111,110	3,651,673	0.15%	208
2011	17,454	2,690,468,966	16,009,864	237,082	10,379,375	5,393,407	0.20%	309
2012	17,460	2,706,651,720	15,329,116	203,990	10,270,219	4,854,907	0.18%	278

(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
2003	\$ 856,855	\$ 705,838	\$ 1,562,693	\$ 24,556,159	6.36%
2004	884,316	679,519	1,563,835	26,232,152	5.96%
2005	917,307	621,805	1,539,112	29,300,626	5.25%
2006	962,619	563,773	1,526,392	30,611,697	4.99%
2007	991,674	513,597	1,505,271	32,481,985	4.63%
2008	1,021,065	446,978	1,468,043	34,323,532	4.28%
2009	1,046,022	395,615	1,441,637	35,085,335	4.11%
2010	930,089	345,142	1,275,231	34,648,182	3.68%
2011	681,689	357,102	1,038,791	32,516,007	3.19%
2012	795,154	326,481	1,121,635	34,002,956	3.30%

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

(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
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, 2012, which collectively comprise the County of Westmoreland, Virginia's basic financial statements and have issued our report thereon dated January 9, 2013. 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

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

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

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

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 the County of Westmoreland, Virginia in a separate letter dated January 9, 2013.

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
January 9, 2013

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited the County of Westmoreland, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The County of Westmoreland, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Westmoreland, Virginia's management. Our responsibility is to express an opinion on the County of Westmoreland, Virginia's compliance based on our audit.

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

In our opinion, the County of Westmoreland, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
January 9, 2013

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
CCDF Cluster:			
Child care and development block grant	93.575	0770111/0770112	\$ 96,943
Child care mandatory and matching funds of the child care and development fund	93.596	0760111/0760112	46,713
Total CCDF Cluster			\$ 143,656
Promoting safe & stable families	93.556	0950111/0950112	\$ 14,036
Temporary Assistance for Needy Families (TANF)	93.558	0400111/0400112	191,155
Refugee and entrant assistance - state administered programs	93.566	0500111/0500112	376
Low-income home energy assistance	93.568	0600411/0600412	16,174
Stephanie Tubbs Jones child welfare services program	93.645	0900111/0900112	532
Foster care - Title IV-E	93.658	1100111/1100112	73,939
Adoption assistance	93.659	1120111/1120112	25,109
Social services block grant	93.667	1000111/1000112	112,075
Chafee foster care independence program	93.674	9150111/9150112	2,100
Children's health insurance program	93.767	0540111/0540112	7,226
Medical assistance program	93.778	1200111/1200112	157,075
Total Department of Health and Human Services			\$ 743,453
National Science Foundation:			
Pass Through Payments:			
Virginia Commonwealth University:			
Education and human resources	47.076	PT104112-SC102941	\$ 30,000
Department of Agriculture:			
Direct Payments:			
Community facilities grant program	10.780	N/A	\$ 22,000
Water and waste disposal systems for rural communities	10.760	N/A	883,337
Total Department of Agriculture - direct			\$ 905,337
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food distribution service	10.555	10.555/2011/2012	\$ 38,036
National school lunch program	10.555	10.555/2011/2012	438,534
Total 10.555			\$ 476,570
School breakfast program	10.553	10.553/2011/2012	\$ 163,452
Total Child Nutrition Cluster			\$ 640,022
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010111/0010112	\$ 260,244
Total Department of Agriculture - pass-through payments			\$ 900,266
Total Department of Agriculture			\$ 1,805,603
Department of Homeland Security:			
Direct Payments:			
Emergency food and shelter national board program	97.024	N/A	\$ 5,161

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct payments:			
Edward Byrne memorial justice assistance grant program	16.738	N/A	\$ 2,310
Total Department of Justice			\$ 2,310
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol impaired driving countermeasures	20.601	60507-51241/52104	\$ 30,309
Total Department of Transportation			\$ 30,309
Department of Education:			
Pass Through Payments:			
Montgomery County Public Schools:			
ARRA statewide data systems grant	84.384	R384A100037	\$ 21,300
Department of Education:			
Title I, Part A Cluster:			
Title I grants to local educational agencies	84.010	S010A100046/ S010A110046	\$ 750,799
ARRA Title I grants to local educational agencies	84.389	S389A090046	2,855
Total Title I, Part A Cluster			\$ 753,654
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A110107	333,437
Special education - preschool grants	84.173	H173A110112	19,083
Total Special Education Cluster (IDEA)			\$ 352,520
Education Technology State Grants Cluster:			
Education technology state grants	84.318	S318X100046	\$ 3,867
ARRA education technology state grants	84.386	S386A090046	2,478
Total Education Technology State Grants Cluster			\$ 6,345
Migrant education - state grant program	84.011	S011A100047	43,366
Career and technical education - basic grants to states	84.048	V048A100046/ V048A110046	47,511
Migrant education - coordination program	84.144	S144F090047/ S144F100047	20,241
Safe and drug-free schools and communities	84.186	Q186A090048	150
Twenty-First century community learning centers	84.287	S287C100047	276,366
Gaining early awareness and readiness for undergraduate programs	84.334	17117-2012	13,807
English language acquisition grants	84.365	S365A100046	21,259
Improving teacher quality state grants	84.367	S367A110044	91,290
School improvement grants	84.377	S377A090047	115,400
ARRA education jobs fund	84.410	S410A100047	4,891
Total Department of Education			\$ 1,768,100
Total Expenditures of Federal Awards			\$ 4,384,936

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, 2012

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, 2012. 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 - Food Distribution

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	1,064,835
Less: Payments in Lieu of Taxes		(1,358)
Proprietary Funds:		
Water and Sewer Fund		883,337
Total primary government	\$	<u>1,946,814</u>

Component Unit Public Schools:

School Operating Fund	\$	1,896,016
School Cafeteria Fund		646,979
Total component unit public schools	\$	<u>2,542,995</u>

Total federal expenditures per basic financial
statements

\$ 4,489,809

Less: Interest Subsidy

\$ (104,873)

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 4,384,936

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

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	Special education cluster
10.760	Water and waste disposal systems for rural communities
10.561	State administrative matching grants for the supplemental nutrition assistance program

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, 2012

Financial Statement finding 2011-1 was corrected during the year.