

COUNTY OF WESTMORELAND, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

COUNTY OF WESTMORELAND, VIRGINIA

BOARD OF SUPERVISORS

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W.W. Hynson, Vice-Chairman

Dorothy Dickerson Tate

Rosemary M. Mahan

Larry Roberson

SCHOOL BOARD

Iris Lane, Chairman

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Karen Jackson

BOARD OF SOCIAL SERVICES

Joan Powell, Chairman

Linda Crandell, Vice-Chairman

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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, 2013

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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, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Westmoreland, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Westmoreland, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Westmoreland, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the County of Westmoreland, Virginia adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

Other Information

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

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2014, on our consideration of the County of Westmoreland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Westmoreland, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
January 28, 2014

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, 2013.

Financial Highlights

Government-wide Financial Statements

- On a government-wide basis for governmental activities, the assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$12,087,253 (net position). For business-type activities, assets and deferred outflows exceeded liabilities and deferred inflows by \$21,030,032.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures of (\$2,054,776) (Exhibit 5) after making contributions totaling \$7,619,299 to the School Board.

- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of \$7,981,072 a decrease of (\$2,054,776) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,563,025 or 13% of total general fund expenditures.
- Combined long-term obligations for the governmental funds increased 446,453 during the current fiscal year.

The Proprietary Funds, on an accrual basis, reported an increase in net position of \$646,678 (Exhibit 8).

- As of the close of the current fiscal year, the County's proprietary funds reported ending net position of \$21,030,032, an increase \$646,678.
- Combined long-term obligations in the proprietary funds decreased (\$240,512) during the current fiscal year.

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County's governmental activities, assets and deferred outflows exceeded liabilities and deferred inflows by \$12,087,253 at the close of the most recent fiscal year.

Summary Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 13,416,032	\$ 11,416,231	\$ 2,825,029	\$ 2,169,410	\$ 16,241,061	\$ 13,585,641
Capital assets	<u>6,979,291</u>	<u>7,920,169</u>	<u>28,546,117</u>	<u>28,793,815</u>	<u>35,525,408</u>	<u>36,713,984</u>
Total assets	<u>\$ 20,395,323</u>	<u>\$ 19,336,400</u>	<u>\$ 31,371,146</u>	<u>\$ 30,963,225</u>	<u>\$ 51,766,469</u>	<u>\$ 50,299,625</u>
Deferred outflows of resources	<u>\$ 74,510</u>	<u>\$ 86,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,510</u>	<u>\$ 86,928</u>
Long-term liabilities	\$ 7,325,296	\$ 6,878,843	\$ 10,242,740	\$ 10,483,252	\$ 17,568,036	\$ 17,362,095
Current liabilities	<u>1,025,542</u>	<u>766,252</u>	<u>98,374</u>	<u>96,619</u>	<u>1,123,916</u>	<u>862,871</u>
Total liabilities	<u>\$ 8,350,838</u>	<u>\$ 7,645,095</u>	<u>\$ 10,341,114</u>	<u>\$ 10,579,871</u>	<u>\$ 18,691,952</u>	<u>\$ 18,224,966</u>
Deferred outflows of resources	<u>\$ 31,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,742</u>	<u>\$ -</u>
Net position:						
Net investment in capital assets	\$ 4,297,655	\$ 4,522,423	\$ 18,319,328	\$ 18,326,965	\$ 22,616,983	\$ 22,849,388
Restricted	-	-	527,749	538,590	527,749	538,590
Unrestricted	<u>7,789,598</u>	<u>7,255,810</u>	<u>2,182,955</u>	<u>1,517,799</u>	<u>9,972,553</u>	<u>8,773,609</u>
Total net position	<u>\$ 12,087,253</u>	<u>\$ 11,778,233</u>	<u>\$ 21,030,032</u>	<u>\$ 20,383,354</u>	<u>\$ 33,117,285</u>	<u>\$ 32,161,587</u>

At the end of the current fiscal year, the County's investment in capital assets net of related debt used to acquire those assets was \$4,297,655 for governmental activities. The County uses these capital assets to provide services to citizens therefore; these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's net position increased by \$955,698 during the current fiscal year.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities and business-type activities increased the County's net position by \$309,020 and \$646,678 respectively. Key elements of this increase are as follows:

Summary Statement of Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 463,847	\$ 511,444	\$ 2,046,600	\$ 1,175,338	\$ 2,510,447	\$ 1,686,782
Operating grants and contributions	4,384,988	4,009,950	-	253,868	4,384,988	4,263,818
Capital grants and contributions	265,776	150,000	501,548	883,337	767,324	1,033,337
General revenues:						
General property taxes	14,656,404	14,110,456	-	-	14,656,404	14,110,456
Other local taxes	1,754,768	1,750,911	-	-	1,754,768	1,750,911
Grants and other contributions not restricted	1,912,759	1,914,849	-	-	1,912,759	1,914,849
Use of money and property	263,353	303,864	(1,747)	7,392	261,606	311,256
Gain / (loss) on disposal of capital assets	-	209,852	-	-	-	209,852
Miscellaneous	134,388	147,919	12,217	17,468	146,605	165,387
Total revenues	\$ 23,836,283	\$ 23,109,245	\$ 2,558,618	\$ 2,337,403	\$ 26,394,901	\$ 25,446,648
Expenses:						
General government administration	\$ 2,152,852	\$ 2,035,878	\$ -	\$ -	\$ 2,152,852	\$ 2,035,878
Judicial administration	867,013	917,536	-	-	867,013	917,536
Public safety	4,492,161	4,576,084	-	-	4,492,161	4,576,084
Public works	2,749,704	2,471,093	-	-	2,749,704	2,471,093
Health and welfare	3,679,109	3,436,498	-	-	3,679,109	3,436,498
Education	8,043,146	7,929,075	-	-	8,043,146	7,929,075
Parks, recreation, and cultural	656,184	652,666	-	-	656,184	652,666
Community development	620,719	537,924	-	-	620,719	537,924
Interest on long-term debt	223,313	241,132	-	-	223,313	241,132
Water and Sewer	-	-	1,955,002	2,064,351	1,955,002	2,064,351
Total expenses	\$ 23,484,201	\$ 22,797,886	\$ 1,955,002	\$ 2,064,351	\$ 25,439,203	\$ 24,862,237
Increase (decrease) in net position before transfers	\$ 352,082	\$ 311,359	\$ 603,616	\$ 273,052	\$ 955,698	\$ 584,411
Transfers	(43,062)	-	43,062	-	-	-
Increase in net position	\$ 309,020	\$ 311,359	\$ 646,678	\$ 273,052	\$ 955,698	\$ 584,411
Net position, July 1, as restated	11,778,233	11,466,874	20,383,354	20,110,302	32,161,587	31,577,176
Net position, June 30	\$ 12,087,253	\$ 11,778,233	\$ 21,030,032	\$ 20,383,354	\$ 33,117,285	\$ 32,161,587

Government-wide Financial Analysis: (Continued)

- The increase of \$309,020 in the governmental activities net position was largely attributable increases in revenues exceeding corresponding increases in expenses.
- Net position for business-type activities showed an increase of \$646,678 during fiscal year 2013. This increase is comparable with the \$273,052 increase in fiscal year 2012 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 \$7,981,072 a decrease of (\$2,054,776) in comparison with the prior year. Approximately 45% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is nonspendable, restricted, committed, and assigned to indicate that it is not available for new spending because it has already been constrained.

Proprietary Funds - The focus of the County's proprietary funds is upon determination of net income, financial position, and changes in financial position. Funds are accounted for in a manner similar to private business enterprises. The County's proprietary funds consists of the Water and Sewer Fund. The proprietary funds reflected a combined increase in net position of \$646,678.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$11,704,011 in expenditures and can be briefly summarized as follows:

- \$187,129 in increases for general government administration
- \$49,797 in increases for judicial administration
- \$545,227 in increases for public safety
- \$118,371 in increases for public works
- \$579,182 in increases for health and welfare
- \$9,620,524 in increases for capital projects
- \$603,781 in other increases

Of this increase, \$921,411 was to be funded from intergovernmental revenues. The remaining \$10,782,600 was to be budgeted from available fund balance and other revenue increases. During the year, however, expenditures were less than budgetary estimates by \$8,721,947 thus eliminating the need to draw upon all of the \$4,003,972 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, 2013 amounts to \$6,979,291 (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 \$28,546,117 as of June 30, 2013. This investment includes land, water systems, sewer systems, and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total long-term obligations outstanding of \$7,325,296 for its governmental operations. Of this amount \$4,972,698 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations \$2,352,598 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). Business-type debt is comprised of \$10,122,006 bonds secured solely by water and sewer revenues, \$104,783 treatment plant upgrade and compensated absences of \$15,951.

The County's total debt outstanding increased by \$205,941 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 6.3 percent, which is a decrease from a rate of 6.7 percent a year ago. This is slightly higher than the state's average unemployment rate of 5.2 percent and compares favorably to the national average rate of 6.7 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 2014 fiscal year.

The fiscal year 2014 general fund budget amounted to \$25,363,415.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
June 30, 2013

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		School Board
ASSETS				
Cash and cash equivalents	\$ 1,181,448	\$ 412,046	\$ 1,593,494	\$ 1,997,757
Investments	6,106,960	1,789,469	7,896,429	644,504
Receivables (net of allowance for uncollectibles):				
Taxes receivable	698,451	-	698,451	-
Accounts receivable	153,065	95,765	248,830	76,892
Due from component unit	543,829	-	543,829	-
Due from other governmental units	877,734	-	877,734	660,734
Prepaid items	10,000	-	10,000	-
Restricted assets:				
Temporarily restricted:				
Cash and investments	-	527,749	527,749	-
Capital assets (net of accumulated depreciation):				
Land	378,301	427,377	805,678	258,916
Buildings and system	5,561,371	26,661,967	32,223,338	7,021,999
Machinery and equipment	1,039,619	33,839	1,073,458	1,102,541
Intangible assets	-	1,094,776	1,094,776	-
Construction in progress	3,844,545	328,158	4,172,703	-
Total assets	\$ 20,395,323	\$ 31,371,146	\$ 51,766,469	\$ 11,763,343
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ 74,510	\$ -	\$ 74,510	\$ -
LIABILITIES				
Accounts payable	\$ 755,837	\$ 82,177	\$ 838,014	\$ 244,085
Accrued liabilities	-	-	-	1,652,799
Retainage payable	120,302	-	120,302	-
Customers' deposits	-	35	35	-
Accrued interest payable	54,317	16,162	70,479	35,968
Due to primary government	-	-	-	543,829
Due to other governmental units	33,857	-	33,857	71,401
Unearned revenue	61,229	-	61,229	-
Long-term liabilities:				
Due within one year	677,922	161,787	839,709	156,679
Due in more than one year	6,647,374	10,080,953	16,728,327	3,246,566
Total liabilities	\$ 8,350,838	\$ 10,341,114	\$ 18,691,952	\$ 5,951,327
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 31,742	\$ -	\$ 31,742	\$ -
NET POSITION				
Net Investment in capital assets	\$ 4,297,655	\$ 18,319,328	\$ 22,616,983	\$ 6,678,807
Restricted:				
Debt service and bond covenants	-	527,749	527,749	-
Unrestricted (deficit)	7,789,598	2,182,955	9,972,553	(866,791)
Total net position	\$ 12,087,253	\$ 21,030,032	\$ 33,117,285	\$ 5,812,016

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,152,852	\$ 4,740	\$ 215,348	\$ -
Judicial administration	867,013	135,718	426,957	-
Public safety	4,492,161	55,966	1,284,341	-
Public works	2,749,704	266,084	140,036	265,776
Health and welfare	3,679,109	-	2,276,209	-
Education	8,043,146	-	-	-
Parks, recreation, and cultural	656,184	1,339	-	-
Community development	620,719	-	42,097	-
Interest on long-term debt	223,313	-	-	-
Total governmental activities	\$ 23,484,201	\$ 463,847	\$ 4,384,988	\$ 265,776
Business-type activities:				
Water and sewer	\$ 1,955,002	\$ 2,046,600	\$ -	\$ 501,548
Total business-type activities	\$ 1,955,002	\$ 2,046,600	\$ -	\$ 501,548
Total primary government	\$ 25,439,203	\$ 2,510,447	\$ 4,384,988	\$ 767,324
COMPONENT UNIT:				
School Board	\$ 19,703,659	\$ 247,974	\$ 10,451,613	\$ 179,439

General revenues:
 General property taxes
 Local sales and use taxes
 Consumers' utility taxes
 Motor vehicle licenses
 Taxes on recordation and wills
 Other local taxes
 Unrestricted revenues from use of money and property
 Miscellaneous
 Payment from local government
 Grants and contributions not restricted to specific programs
 Transfers
 Total general revenues and transfers
 Change in net position
 Net position - beginning, as restated
 Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (1,932,764)		\$ (1,932,764)	
(304,338)		(304,338)	
(3,151,854)		(3,151,854)	
(2,077,808)		(2,077,808)	
(1,402,900)		(1,402,900)	
(8,043,146)		(8,043,146)	
(654,845)		(654,845)	
(578,622)		(578,622)	
(223,313)		(223,313)	
<u>\$ (18,369,590)</u>		<u>\$ (18,369,590)</u>	
	\$ 593,146	\$ 593,146	
	<u>\$ 593,146</u>	<u>\$ 593,146</u>	
	<u>\$ 593,146</u>	<u>\$ (17,776,444)</u>	
			\$ <u>(8,824,633)</u>
\$ 14,656,404	\$ -	\$ 14,656,404	\$ -
679,179	-	679,179	-
325,311	-	325,311	-
518,152	-	518,152	-
174,195	-	174,195	-
57,931	-	57,931	-
263,353	(1,747)	261,606	29,802
134,388	12,217	146,605	313,672
-	-	-	7,917,094
1,912,759	-	1,912,759	-
(43,062)	43,062	-	-
<u>\$ 18,678,610</u>	<u>\$ 53,532</u>	<u>\$ 18,732,142</u>	<u>\$ 8,260,568</u>
309,020	646,678	955,698	(564,065)
11,778,233	20,383,354	32,161,587	6,376,081
<u>\$ 12,087,253</u>	<u>\$ 21,030,032</u>	<u>\$ 33,117,285</u>	<u>\$ 5,812,016</u>

Fund Financial Statements

Balance Sheet
 Governmental Funds
 June 30, 2013

	General	General Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 966,757	\$ 41,279	\$ 173,412	\$ 1,181,448
Investments	4,851,783	1,161,233	93,944	6,106,960
Receivables (net of allowance for uncollectibles):				
Taxes receivable	698,451	-	-	698,451
Accounts receivable	141,873	-	11,192	153,065
Due from component unit	543,829	-	-	543,829
Due from other governmental units	877,734	-	-	877,734
Prepaid items	10,000	-	-	10,000
Total assets	<u>\$ 8,090,427</u>	<u>\$ 1,202,512</u>	<u>\$ 278,548</u>	<u>\$ 9,571,487</u>
LIABILITIES				
Accounts payable	\$ 745,850	\$ 9,987	\$ -	\$ 755,837
Retainage payable	120,302	-	-	120,302
Due to other governmental units	33,857	-	-	33,857
Unearned revenue	61,229	-	-	61,229
Total liabilities	<u>\$ 961,238</u>	<u>\$ 9,987</u>	<u>\$ -</u>	<u>\$ 971,225</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 619,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 619,190</u>
Fund balances:				
Nonspendable	\$ 10,000	\$ -	\$ -	\$ 10,000
Restricted	1,161,267	-	-	1,161,267
Committed	771,798	-	278,548	1,050,346
Assigned	1,003,909	1,192,525	-	2,196,434
Unassigned	3,563,025	-	-	3,563,025
Total fund balances	<u>\$ 6,509,999</u>	<u>\$ 1,192,525</u>	<u>\$ 278,548</u>	<u>\$ 7,981,072</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,090,427</u>	<u>\$ 1,202,512</u>	<u>\$ 278,548</u>	<u>\$ 9,571,487</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 7,981,072
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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	3,844,545	
Buildings and improvements, net of depreciation	5,561,371	
Machinery and equipment, net of depreciation	<u>1,039,619</u>	10,823,836

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

587,448

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

Accrued interest payable	\$ (54,317)	
Bonds and notes payable	(5,386,344)	
Deferred charge on refunding	74,510	
Net OPEB obligation	(40,100)	
Compensated absences	(520,824)	
Capital leases	(236,761)	
Landfill accrued closure/post-closure costs	<u>(1,141,267)</u>	<u>(7,305,103)</u>

Net position of governmental activities	\$ <u><u>12,087,253</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, 2013

	General	General Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 14,694,239	\$ -	\$ 49,020	\$ 14,743,259
Other local taxes	1,754,768	-	-	1,754,768
Permits, privilege fees, and regulatory licenses	202,424	-	-	202,424
Fines and forfeitures	115,070	-	-	115,070
Revenue from the use of money and property	99,626	2,161	161,566	263,353
Charges for services	84,194	-	62,159	146,353
Miscellaneous	134,388	-	-	134,388
Recovered costs	882,009	-	-	882,009
Intergovernmental revenues:				
Commonwealth	5,425,836	-	-	5,425,836
Federal	1,137,687	-	-	1,137,687
Total revenues	\$ 24,530,241	\$ 2,161	\$ 272,745	\$ 24,805,147
EXPENDITURES				
Current:				
General government administration	\$ 2,079,138	\$ -	\$ -	\$ 2,079,138
Judicial administration	872,047	-	-	872,047
Public safety	5,140,387	-	-	5,140,387
Public works	2,565,625	-	-	2,565,625
Health and welfare	3,555,288	-	-	3,555,288
Education	7,628,757	-	-	7,628,757
Parks, recreation, and cultural	444,199	-	-	444,199
Community development	634,520	-	-	634,520
Nondepartmental	195,045	-	-	195,045
Capital projects	4,033,331	15,982	-	4,049,313
Debt service:				
Principal retirement	364,000	61,820	153,579	579,399
Interest and other fiscal charges	154,455	17,687	44,608	216,750
Total expenditures	\$ 27,666,792	\$ 95,489	\$ 198,187	\$ 27,960,468
Excess (deficiency) of revenues over (under) expenditures	\$ (3,136,551)	\$ (93,328)	\$ 74,558	\$ (3,155,321)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 79,507	\$ -	\$ 79,507
Transfers out	(122,569)	-	-	(122,569)
Issuance of bonds	906,846	-	-	906,846
Issuance of capital leases	236,761	-	-	236,761
Total other financing sources (uses)	\$ 1,021,038	\$ 79,507	\$ -	\$ 1,100,545
Net change in fund balances	\$ (2,115,513)	\$ (13,821)	\$ 74,558	\$ (2,054,776)
Fund balances - beginning, as restated	8,625,512	1,206,346	203,990	10,035,848
Fund balances - ending	\$ 6,509,999	\$ 1,192,525	\$ 278,548	\$ 7,981,072

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, 2013

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

Net change in fund balances - total governmental funds	\$	(2,054,776)
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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	\$	3,838,261	
Depreciation expense		<u>(636,799)</u>	3,201,462
Transfer of joint tenancy assets from Primary Government to the Component Unit			(297,795)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(86,855)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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	\$	189,772	
Issuance of debt		(1,143,607)	
Lease revenue bonds		215,399	
Deferred charge on refunding		(12,418)	
General obligation bonds		115,000	
State literary fund loans		<u>249,000</u>	(386,854)

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	\$	(31,917)	
Net OPEB obligation		(40,100)	
Accrued interest payable		<u>5,855</u>	<u>(66,162)</u>
Change in net position of governmental activities	\$		<u>309,020</u>

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

Statement of Net Position
 Proprietary Funds
 June 30, 2013

	Enterprise Fund
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 412,046
Investments	1,789,469
Accounts receivable, net of allowance for uncollectibles	95,765
Total current assets	\$ 2,297,280
Noncurrent assets:	
Restricted assets:	
Cash and investments	\$ 527,749
Total restricted assets	\$ 527,749
Capital assets:	
Land - Sewer	\$ 427,377
Buildings and system - Sewer	30,668,923
Buildings and system - Water	1,183,857
Machinery and equipment - Sewer	126,946
Intangible assets - Sewer	1,209,113
Less:	
Accumulated depreciation - Sewer	(4,787,791)
Accumulated depreciation - Water	(610,466)
Construction in progress - Sewer	328,158
Total net capital assets	\$ 28,546,117
Total noncurrent assets	\$ 29,073,866
Total assets	\$ 31,371,146
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 82,177
Customers' deposits	35
Accrued interest payable	16,162
Compensated absences - current portion	1,595
Sewer treatment plant agreement - current portion	6,319
Bonds payable - Sewer - current portion	149,042
Bonds payable - Water - current portion	4,831
Total current liabilities	\$ 260,161
Noncurrent liabilities:	
Bonds payable - Sewer - net of current portion	\$ 9,704,797
Bonds payable - Water - net of current portion	263,336
Sewer treatment plant agreement - noncurrent portion	98,464
Compensated absences - net of current portion	14,356
Total noncurrent liabilities	\$ 10,080,953
Total liabilities	\$ 10,341,114
NET POSITION	
Net investment in capital assets	\$ 18,319,328
Restricted for debt service and bond covenants	527,749
Unrestricted	2,182,955
Total net position	\$ 21,030,032

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2013

	Enterprise Fund
	Water and Sewer Fund
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 39,451
Sewer revenues	1,248,527
Other revenues	19,686
Total operating revenues	<u>\$ 1,307,664</u>
OPERATING EXPENSES	
Water	\$ 16,408
Sewer	728,427
Other expenses	8,132
Depreciation	811,853
Total operating expenses	<u>\$ 1,564,820</u>
Operating income (loss)	<u>\$ (257,156)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ (1,747)
Availability/connection/tap fees	738,936
Interest expense	(390,182)
Other nonoperating item	12,217
Total nonoperating revenues (expenses)	<u>\$ 359,224</u>
Income before contributions and transfers	<u>\$ 102,068</u>
Capital contributions and construction grants	<u>\$ 501,548</u>
Transfers:	
Transfers in	<u>\$ 43,062</u>
Change in net position	<u>\$ 646,678</u>
Total net position - beginning, as restated	20,383,354
Total net position - ending	<u><u>\$ 21,030,032</u></u>

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

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2013

	<u>Enterprise Funds</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,300,325
Payments to suppliers	(520,263)
Payments to and for employees	(231,175)
Net cash provided by (used for) operating activities	<u>\$ 548,887</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 43,062
Net cash provided by (used for) noncapital financing activities	<u>\$ 43,062</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (564,155)
Principal payments on bonds	(148,213)
Principal payments on treatment plant agreement	(91,848)
Contributions and grants in aid of construction	501,548
Interest payments	(390,407)
Availability/connection fees	738,936
Other	12,217
Net cash provided by (used for) capital and related financing activities	<u>\$ 58,078</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (purchase) of investments	\$ (1,264,120)
Interest income	(1,747)
Net cash provided by (used for) investing activities	<u>\$ (1,265,867)</u>
Net increase (decrease) in cash and cash equivalents	\$ (615,840)
Cash and cash equivalents - beginning	1,027,886
Cash and cash equivalents - ending	<u><u>\$ 412,046</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (257,156)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 811,853
(Increase) decrease in accounts receivable	(7,339)
Increase (decrease) in accounts payable	1,980
Increase (decrease) in compensated absences	(451)
Total adjustments	<u>\$ 806,043</u>
Net cash provided by (used for) operating activities	<u><u>\$ 548,887</u></u>

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>167,831</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 53,537
Amounts held for social services clients	14,060
Amounts held for alternative education program	<u>100,234</u>
Total liabilities	\$ <u>167,831</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, 2013

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

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

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

A. Financial Reporting Entity (Continued)

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

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

Inclusions in the Financial Reporting Entity:

1. Component Unit:

a. Westmoreland County School Board:

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

Exclusions from the Financial Reporting Entity:

1. Jointly Governed Organizations:

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

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

A. Financial Reporting Entity (Continued)

Exclusions from the Financial Reporting Entity: (Continued)

1. Jointly Governed Organizations: (Continued)

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

a. Northern Neck Regional Jail

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

b. Rappahannock Regional Library

The Rappahannock Regional Library is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Counties of Westmoreland, Stafford and Spotsylvania and the City of Fredericksburg provide the financial support for the Library and appoint its governing Board, in which is vested the ability to execute contracts and to budget and to expend funds. The County appoints one (1) of the seven (7) members of the Board. No one locality contributes more than 50% of the Library's funding. The County provided \$397,839 in operating funds to the Library in 2013.

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, 2013.

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

A. Financial Reporting Entity (Continued)

Exclusions from the Financial Reporting Entity: (Continued)

d. Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. Westmoreland County along with 16 other counties appoint one member each to the Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Westmoreland County contributed \$137,810 to the Middle Peninsula Juvenile Detention Commission for the fiscal year ended June 30, 2013.

Obtaining of Financial Statements for Jointly Governed Organizations

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The County's fiduciary funds are presented in the fund financial statements by type (private purpose, if applicable, and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the County in FY 2013.

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. The A.T. Johnson Fund is a nonmajor fund.
- c. Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund is the Placid Bay Sanitary District Fund. The Placid Bay Sanitary District Fund is a nonmajor fund.
- d. Capital Projects Funds - The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The General Capital Projects Fund is considered a major fund.

2. Proprietary Funds:

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

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

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

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

3. Fiduciary Funds (Trust and Agency Funds):

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

a. Agency Funds:

- Special Welfare Fund - This fund accounts for monies provided primarily through private donors for assistance of children in foster care and needy senior citizens. This fund is also used to account for monies received from other governments and individuals (i.e., social security and child support) to be paid to special welfare recipients.
- Adult Education Fund - This fund accounts for the operation of the Northern Neck Regional Alternative Education Program. The Program is a regional program utilized by local school districts for alternative education activities.

4. Component Unit:

Westmoreland County School Board:

The Westmoreland County School Board has the following funds:

Governmental Funds:

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

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

C. Basis of Accounting

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

Encumbrances:

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

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

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

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, 2013, as adopted, appropriated and legally amended.
9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. State law requires that if budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget.

E. Cash and Cash Equivalents

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

F. Investments

Investments are reported at fair value.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

G. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$148,768 at June 30, 2013 and is comprised of the following:

General Fund--taxes receivable	\$ 148,768
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H. Prepaid Items

Prepaid items are reported on the consumption method.

I. Capital Assets

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

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

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

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

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

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

Interest on cost of construction funds for the Proprietary Funds is capitalized where applicable. No interest was capitalized in fiscal year 2013.

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

J. Deferred Outflows/Inflows of Resources

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

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

K. Compensated Absences

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

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

L. Use of Estimates

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

M. Long-Term Obligations

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

N. Net Position

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

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

O. Net Position Flow Assumption

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

P. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

P. Fund Equity: (Continued)

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

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

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 10,000	\$ -	\$ -	\$ 10,000
Total Nonspendable Fund Balance	\$ 10,000	\$ -	\$ -	\$ 10,000
Restricted:				
Post closure	\$ 1,141,267	\$ -	\$ -	\$ 1,141,267
Underground tanks	20,000	-	-	20,000
Total Restricted Fund Balance	\$ 1,161,267	\$ -	\$ -	\$ 1,161,267
Committed:				
Debt service	\$ -	\$ -	\$ 172,109	\$ 172,109
Placid bay sanitary district	-	-	106,439	106,439
New courthouse	269,271	-	-	269,271
Land purchase	418,419	-	-	418,419
Other purposes	84,108	-	-	84,108
Total Committed Fund Balance	\$ 771,798	\$ -	\$ 278,548	\$ 1,050,346
Assigned:				
Capital projects	\$ 332,632	\$ 1,192,525	\$ -	\$ 1,525,157
Planning	28,913	-	-	28,913
General properties	67,035	-	-	67,035
Tourism	81,857	-	-	81,857
Comprehensive services	-	-	-	-
Other purposes	493,472	-	-	493,472
Total Assigned Fund Balance	\$ 1,003,909	\$ 1,192,525	\$ -	\$ 2,196,434
Unassigned	\$ 3,563,025	\$ -	\$ -	\$ 3,563,025
Total Fund Balances	\$ 6,509,999	\$ 1,192,525	\$ 278,548	\$ 7,981,072

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

Q. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board:

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

R. Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board:

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

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, 2013 were held in the County's name by the County's custodial bank.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

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

The County's rated debt investments as of June 30, 2013 were rated by *Standard & Poor's* and/or an equivalent national rating organization and the ratings are presented below using the *Standard & Poor's* rating scale.

County's Rated Debt Investments' Values						
Rated Debt Investments	Fair Quality Ratings					
	AAAm	+	AA+	AA	A+	A-
U.S. Agencies	\$ -	\$	1,410,693	\$ -	\$ -	\$ -
U.S. Treasuries	-		3,665,792	-	-	-
Corporate Debt	-		-	461,014	311,335	786,131
Money Market Mutual Fund	1,789,267		-	-	-	-
Total	\$ 1,789,267	\$	5,076,485	\$ 461,014	\$ 311,335	\$ 786,131

Concentration of Credit Risk

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

Interest Rate Risk

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

The interest rate risk is summarized below:

Investment Maturities (in years)				
Investment Type	Fair Value	Less Than		
		1 Year	1-5 Years	
U.S. Treasuries	\$ 3,665,792	\$ 1,525,970	\$ 2,139,822	
U.S. Agencies	1,410,693	921,428	489,265	
Corporate Bonds	1,558,479	450,684	1,107,795	
Total	\$ 6,634,964	\$ 2,898,082	\$ 3,736,882	

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pools

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 2012 were levied by the County Board of Supervisors on May 1, 2012, on the assessed value listed as of January 1, 2012.

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

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

On April 18, 2000 the County adopted a resolution which established a separate tax district to pay all or any portion of the County's expenditures for operating the Westmoreland County school division. This resulted in two separate sets of tax rates. One set of rates for taxpayers residing in the area of the Town of Colonial Beach, and a different set of rates for those residing in the remainder of the County. For calendar year 2012 the rates per \$100 of assessed value were as follows:

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

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 4 - RECEIVABLES:

Accounts Receivable:

Receivables at June 30, 2013 consist of the following:

	Primary Government Governmental Activities			Business- Type Activities	Component Unit School Board
	General	Other Governmental	Total		
Property taxes	\$ 847,219	\$ -	\$ 847,219	\$ -	\$ -
Utility taxes	27,070	-	27,070	-	-
Rescue recovery	66,062	-	66,062	-	-
E-Rate	-	-	-	-	70,945
Water and sewer charges	-	-	-	95,765	-
Other	48,741	11,192	59,933	-	5,947
Total	\$ 989,092	\$ 11,192	\$ 1,000,284	\$ 95,765	\$ 76,892
Allowance for uncollectibles	(148,768)	-	(148,768)	-	-
Net receivables	\$ 840,324	\$ 11,192	\$ 851,516	\$ 95,765	\$ 76,892

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS:

At June 30, 2013:

	Governmental Activities General	Component Unit School Board
Commonwealth of Virginia:		
Local sales taxes	\$ 161,764	\$ -
Communication taxes	102,965	-
State sales taxes	-	379,996
Social Services	124,534	-
Comprehensive Services Act	184,826	-
Revenue sharing	97,733	-
Shared expenses and grants	127,284	-
Other	78,628	4,755
Federal pass-through school funds	-	275,983
Total	\$ 877,734	\$ 660,734

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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	\$	79,507
Transfers to the Water and Sewer Fund to fund water and sewer operations		<u>43,062</u>
Total transfers	\$	<u><u>122,569</u></u>
Reconciliation of transfers:		
Transfers in - governmental funds	\$	79,507
Transfers in - enterprise funds		<u>43,062</u>
Total transfers	\$	<u><u>122,569</u></u>

NOTE 7 - DUE TO OTHER GOVERNMENTAL UNITS:

At June 30, 2013:

	<u>Governmental Activities</u>	<u>Component Unit</u>
	<u>General</u>	<u>School Board</u>
Town of Colonial Beach:		
Sales tax	\$ 30,395	\$ 71,401
Town of Montross:		
Sales tax	<u>3,462</u>	<u>-</u>
Total	\$ <u><u>33,857</u></u>	\$ <u><u>71,401</u></u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 8 - CAPITAL ASSETS:

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

Primary Government:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 378,301	\$ -	\$ -	\$ 378,301
Construction in Progress	<u>628,936</u>	<u>3,215,609</u>	<u>-</u>	<u>3,844,545</u>
Total capital assets not being depreciated	<u>\$ 1,007,237</u>	<u>\$ 3,215,609</u>	<u>\$ -</u>	<u>\$ 4,222,846</u>
Other capital assets:				
Buildings and improvements	\$ 8,165,661	\$ -	\$ -	\$ 8,165,661
Machinery, equipment and vehicles	2,789,123	622,652	141,453	3,270,322
Jointly owned assets	<u>3,426,860</u>	<u>200,886</u>	<u>594,000</u>	<u>3,033,746</u>
Total other capital assets	<u>\$ 14,381,644</u>	<u>\$ 823,538</u>	<u>\$ 735,453</u>	<u>\$ 14,469,729</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,722,529	\$ 292,860	\$ -	\$ 5,015,389
Machinery, equipment and vehicles	2,144,811	227,345	141,453	2,230,703
Jointly owned assets	<u>601,372</u>	<u>116,594</u>	<u>95,319</u>	<u>622,647</u>
Total accumulated depreciation	<u>\$ 7,468,712</u>	<u>\$ 636,799</u>	<u>\$ 236,772</u>	<u>\$ 7,868,739</u>
Other capital assets, net	<u>\$ 6,912,932</u>	<u>\$ 186,739</u>	<u>\$ 498,681</u>	<u>\$ 6,600,990</u>
Net capital assets	<u>\$ 7,920,169</u>	<u>\$ 3,402,348</u>	<u>\$ 498,681</u>	<u>\$ 10,823,836</u>
Depreciation is allocated to:				
General government administration		\$ 146,216		
Judicial administration		4,454		
Public safety		130,132		
Health and welfare		93,831		
Education		116,594		
Public works		28,810		
Parks and recreation		103,512		
Community Development		<u>13,250</u>		
Total		<u>\$ 636,799</u>		

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 8 - CAPITAL ASSETS: (Continued)

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 427,377	\$ -	\$ -	\$ 427,377
Construction in progress	8,128,938	545,727	8,346,507	328,158
Total capital assets not being depreciated	\$ 8,556,315	\$ 545,727	\$ 8,346,507	\$ 755,535
Other capital assets:				
Buildings and systems	\$ 23,506,273	\$ 8,346,507	\$ -	\$ 31,852,780
Intangible assets	1,209,113	-	-	1,209,113
Machinery and equipment	108,518	18,428	-	126,946
Total other capital assets	\$ 24,823,904	\$ 8,364,935	\$ -	\$ 33,188,839
Accumulated depreciation:				
Buildings and systems	\$ 4,443,112	\$ 747,701	\$ -	\$ 5,190,813
Intangible assets	77,750	36,587	-	114,337
Machinery and equipment	65,542	27,565	-	93,107
Total accumulated depreciation	\$ 4,586,404	\$ 811,853	\$ -	\$ 5,398,257
Other capital assets, net	\$ 20,237,500	\$ 7,553,082	\$ -	\$ 27,790,582
Net capital assets	\$ 28,793,815	\$ 8,098,809	\$ 8,346,507	\$ 28,546,117

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 8 - CAPITAL ASSETS: (Continued)

Component Unit-School Board:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 258,916	\$ -	\$ -	\$ 258,916
Construction in Progress	<u>383,765</u>	<u>61,739</u>	<u>445,504</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 642,681</u>	<u>\$ 61,739</u>	<u>\$ 445,504</u>	<u>\$ 258,916</u>
Other capital assets:				
Buildings	\$ 8,463,298	\$ 244,618	\$ -	\$ 8,707,916
Machinery, equipment and vehicles	3,549,301	509,227	105,000	3,953,528
Jointly owned assets	<u>6,641,000</u>	<u>594,000</u>	<u>-</u>	<u>7,235,000</u>
Total other capital assets	<u>\$ 18,653,599</u>	<u>\$ 1,347,845</u>	<u>\$ 105,000</u>	<u>\$ 19,896,444</u>
Accumulated depreciation:				
Buildings	\$ 6,842,881	\$ 464,587	\$ -	\$ 7,307,468
Machinery, equipment and vehicles	2,786,933	169,054	105,000	2,850,987
Jointly owned assets	<u>1,518,130</u>	<u>95,319</u>	<u>-</u>	<u>1,613,449</u>
Total accumulated depreciation	<u>\$ 11,147,944</u>	<u>\$ 728,960</u>	<u>\$ 105,000</u>	<u>\$ 11,771,904</u>
Other capital assets, net	<u>\$ 7,505,655</u>	<u>\$ 618,885</u>	<u>\$ -</u>	<u>\$ 8,124,540</u>
Net capital assets	<u>\$ 8,148,336</u>	<u>\$ 680,624</u>	<u>\$ 445,504</u>	<u>\$ 8,383,456</u>
Depreciation is allocated to education		<u>\$ 633,641</u>		
Depreciation expense		\$ 633,641		
Transfer of accumulated depreciation on jointly owned assets		<u>95,319</u>		
Total increases in accumulated depreciation above		<u>\$ 728,960</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, 2013, is that school financed assets in the amount of \$3,033,746 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 (professional) employees of public school divisions and employees of participating employers 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 service 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 were vested as of January 1, 2013 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 Plan 1 members who were not vested on January 1, 2013 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. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. 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/2012-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund 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 2013 were 13.55% and 10.58% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$961,960 \$501,935 and \$302,083, to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011, respectively and these contributions represented 11.66%, 6.33% and 3.93%, respectively, of current covered payroll.

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLAN: (Continued)

C. Annual Pension Cost:

For fiscal year 2013, the County's annual pension cost of \$637,078 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, 2011	\$ 478,623	100%	\$ -
June 30, 2012	483,488	100%	-
June 30, 2013	637,078	100%	-

For fiscal year 2013, the School Board's annual pension cost for the School Board's non-professional employees was \$88,601 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, 2011	\$ 77,553	100%	\$ -
June 30, 2012	75,402	100%	-
June 30, 2013	88,601	100%	-

The FY2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% for teachers and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the unfunded actuarial accrued liability (UAAL) was 30 years.

NOTE 9 - DEFINED BENEFIT PENSION PLAN: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the County's plan was 73.05% funded. The actuarial accrued liability for benefits was \$21,396,269, and the actuarial value of assets was \$15,628,946 resulting in an unfunded actuarial accrued liability (UAAL) of \$5,767,323. The covered payroll (annual payroll of active employees covered by the plan) was \$4,509,140 and ratio of the UAAL to the covered payroll was 127.90%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's plan was 77.89% funded. The actuarial accrued liability for benefits was \$3,812,803, and the actuarial value of assets was \$2,969,616, resulting in an unfunded actuarial accrued liability (UAAL) of \$843,187. The covered payroll (annual payroll of active employees covered by the plan) was \$934,783, and ratio of the UAAL to the covered payroll was 90.20%.

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, 2013 (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, 2013:

	Balance July 1, 2012	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2013
Long-term obligations from governmental activities:				
Lease revenue bonds	\$ 1,661,151	\$ 906,846	\$ 215,399	\$ 2,352,598
Capital leases	-	236,761	-	236,761
General obligation bonds:				
School	1,745,000	-	115,000	1,630,000
State Literary Fund loans:				
School	1,652,746	-	249,000	1,403,746
Landfill closure/postclosure liability	1,331,039	-	189,772	1,141,267
Net OPEB obligation	-	40,100	-	40,100
Compensated absences	488,907	31,917	-	520,824
Total from governmental activities	\$ 6,878,843	\$ 1,215,624	\$ 769,171	\$ 7,325,296
Long-term obligations from business-type activities:				
Virginia Resources Authority lease revenue bonds	\$ 10,270,219	\$ -	\$ 148,213	\$ 10,122,006
Treatment plant upgrade agreement	196,631	-	91,848	104,783
Compensated absences	16,402	-	451	15,951
Total from business-type activities	\$ 10,483,252	\$ -	\$ 240,512	\$ 10,242,740
Long-term obligations from component unit:				
Retirement incentive obligation	\$ 100,754	\$ -	\$ 100,754	\$ -
Capital leases	1,839,162	-	134,513	1,704,649
Net OPEB obligation	1,207,788	477,765	151,250	1,534,303
Compensated absences	146,170	18,123	-	164,293
Total from component unit	\$ 3,293,874	\$ 495,888	\$ 386,517	\$ 3,403,245
Total long-term obligations	\$ 20,655,969	\$ 1,711,512	\$ 1,396,200	\$ 20,971,281
Reconciliation to Exhibit 1:				
Primary Government				
Long-term liabilities due within one year				\$ 839,709
Long-term liabilities due in more than one year				16,728,327
Component Unit				
Long-term liabilities due within one year				156,679
Long-term liabilities due in more than one year				3,246,566
Total long-term obligations				\$ 20,971,281

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (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>
2014	\$ 926,282	\$ 663,274
2015	948,429	634,476
2016	974,564	604,822
2017	995,829	574,145
2019	1,016,028	542,640
2019-2023	2,976,688	2,341,594
2024-2028	1,724,531	1,899,652
2029-2033	1,478,372	1,224,732
2034-2038	1,779,603	913,497
2039-2043	2,021,266	537,291
2044-2048	1,487,955	184,490
2049-2050	318,150	9,331
Total	<u>\$ 16,647,697</u>	<u>\$ 10,129,944</u>

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

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities:</u>		
<u>General Obligation Bonds:</u>		
\$1,975,000 general obligation school bonds, payable in annual principal installments of \$115,000, due on June 1 through 2027, interest payable semi-annually at 5.31%.	\$ <u>1,630,000</u>	\$ <u>115,000</u>
<u>Lease Revenue Bonds:</u>		
\$2,848,683 Refunding lease revenue bonds, payable in various annual installments ranging from \$166,844 to \$260,989, due on January 15 through 2020, interest payable semi-annually at 3.71%.	\$ 1,445,752	\$ 217,370
\$7,500,000 lease revenue bonds, payable in monthly installments of \$28,125 through March 11, 2053, interest payable at 3.125%. Proceeds in the amount of \$906,846 have been drawn as of June 30, 2013.	<u>906,846</u>	<u>-</u>
Total lease revenue bonds	<u>\$ 2,352,598</u>	<u>\$ 217,370</u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (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%.	\$ 170,835	\$ 34,000
\$992,911, issued July 25, 1996, due in annual installments of \$50,000 through May 15, 2015, interest payable annually at 3%.	242,911	50,000
\$3,300,000, issued November 15, 1997, due in annual installments of \$165,000 through November 15, 2019, interest at 3%.	<u>990,000</u>	<u>165,000</u>
Total State Literary Fund Loans	<u>\$ 1,403,746</u>	<u>\$ 249,000</u>
<u>Capital Leases:</u>		
The County purchased radio equipment under capital lease agreements. Title to the equipment passes to the entity upon completion of payment of the minimum lease payments. The lease is due in annual installments of \$51,905 from April 1, 2014 to April 1, 2018, interest payable at 3.14%.	<u>\$ 236,761</u>	<u>\$ 44,470</u>
	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Landfill closure and post-closure care monitoring liability</u>	<u>\$ 1,141,267</u>	<u>\$ -</u>
<u>Compensated absences (payable from general fund)</u>	<u>\$ 520,824</u>	<u>\$ 52,082</u>
<u>Net OPEB obligation</u>	<u>\$ 40,100</u>	<u>\$ -</u>
Total long-term obligations from governmental activities	<u>\$ 7,325,296</u>	<u>\$ 677,922</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.	\$ 268,167	\$ 4,831
\$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.	1,036,556	22,067
\$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.	540,978	9,388
\$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.	347,427	5,135
\$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.	274,196	4,147
\$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.	1,090,732	16,603

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (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.	\$ 949,640	\$ 11,501
\$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.	1,195,684	18,208
\$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.	1,464,744	25,609
\$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>2,953,882</u>	<u>36,384</u>
Total Lease Revenue bonds	\$ <u>10,122,006</u>	\$ <u>153,873</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>104,783</u>	\$ <u>6,319</u>
<u>Compensated absences (payable from water and sewer funds)</u>	\$ <u>15,951</u>	\$ <u>1,595</u>
Total long-term obligations from business-type activities	\$ <u><u>10,242,740</u></u>	\$ <u><u>161,787</u></u>
<u>Component Unit:</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, 2013 is	\$ <u>1,704,649</u>	\$ <u>140,250</u>
<u>Compensated absences (payable from school fund)</u>	\$ <u>164,293</u>	\$ <u>16,429</u>
<u>Net OPEB Obligation</u>	\$ <u>1,534,303</u>	\$ <u>-</u>
Total long-term obligations from component unit	\$ <u><u>3,403,245</u></u>	\$ <u><u>156,679</u></u>
Total long-term obligations	\$ <u><u>20,971,281</u></u>	\$ <u><u>996,388</u></u>

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 12 - UNEARNED/UNAVAILABLE REVENUE:

At June 30, 2013:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 587,448
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	31,742	31,742
Unearned revenue representing rescue recovery collections	61,229	61,229
Total	\$ 92,971	\$ 680,419

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

Federal Programs

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

Construction Commitments

At June 30, 2013, the County has outstanding Construction Commitments in the amount of \$6,156,665 for Courthouse Construction.

NOTE 14 - LITIGATION:

At June 30, 2013 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, 2013 (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 \$1,141,267 reported as landfill closure and post closure liability at June 30, 2013, 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 2013. 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, 2013 (Continued)

NOTE 18—OTHER POSTEMPLOYMENT BENEFIT HEALTH INSURANCE PROGRAM:

County:

A. Plan Description:

The County Post-Retirement Medical Plan is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the County. Participants in the Plan must be eligible to retire through the Virginia Retirement System and attain either (1) the age of 50 with at least 10 years of service with the County, or (2) the age of 55 with at least 5 years of service with the County. The plan has no separate financial report.

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution	\$ 40,100
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	\$ 40,100
Contributions made	-
Increase in net OPEB obligation	\$ 40,100
Net OPEB obligation-beginning of year	-
Net OPEB obligation-end of year	\$ 40,100

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

County: (Continued)

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 40,100	\$ 0%	\$ 40,100

D. Funded Status and Funding Progress:

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

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

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

E. Actuarial Methods and Assumptions:

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

NOTE 18—OTHER POSTEMPLOYMENT BENEFIT HEALTH INSURANCE PROGRAM: (Continued)County: (Continued)E. Actuarial Methods and Assumptions: (Continued)Cost Method

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

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

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

Interest Assumptions

In the June 30, 2013, the most recent actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.00 percent initially, reduced by decrements to an ultimate rate of 4.80 percent after seventy years. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013, was thirty years.

Unfunded

Discount rate	\$	3.50%
Payroll growth		3.00%

NOTE 18—OTHER POSTEMPLOYMENT BENEFIT HEALTH INSURANCE PROGRAM: (Continued)**School Board:****A. Plan Description:**

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

B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. This is determined annually as part of the budgetary process. The School Board contributes \$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	\$ 472,800
Interest on net OPEB obligation	48,312
Adjustment to annual required contribution	(43,347)
Annual OPEB cost (expense)	\$ 477,765
Contributions made	(151,250)
Increase in net OPEB obligation	\$ 326,515
Net OPEB obligation-beginning of year	1,207,788
Net OPEB obligation-end of year	\$ 1,534,303

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

School Board: (Continued)

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

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 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, 2011	\$ 441,282	\$ 25%	\$ 886,644
June 30, 2012	442,644	27%	1,207,788
June 30, 2013	477,764	32%	1,534,303

D. 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.

E. Actuarial Methods and Assumptions:

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

NOTE 18—OTHER POSTEMPLOYMENT BENEFIT HEALTH INSURANCE PROGRAM: (Continued)School Board: (Continued)E. Actuarial Methods and Assumptions: (Continued)Cost Method

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

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

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

Interest Assumptions

In the January 1, 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 POSTEMPLOYMENT BENEFITS - VRS HEALTH INSURANCE CREDIT:

A. Plan Description

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

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

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

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2013 was .10% 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 2013, the County's contribution of \$4,702 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 2013 and the two preceding years were as follows:

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 19 —OTHER POSTEMPLOYMENT BENEFITS- VRS HEALTH INSURANCE CREDIT: (Continued)

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 4,702	100%	-
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, 2012, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 46,885
Actuarial value of plan assets	8,600
Unfunded actuarial accrued liability	38,285
Funded ratio (actuarial value of plan assets/AAL)	18.34%
Covered payroll (active plan members)	1,932,811
UAAL as a percentage of covered payroll	1.98%

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, 2012 was 29 years.

NOTE 19 —OTHER POST-EMPLOYMENT BENEFITS (OPEB) - VRS HEALTH INSURANCE CREDIT (Continued)**F. Professional Employees - Discretely Presented Component Unit School Board**

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2013, 2012, and 2011 were \$51,324, \$47,577, and \$46,120, respectively and equaled the required contributions for each year.

NOTE 20—RESTATEMENT OF BEGINNING FUND BALANCE/NET POSITION:

Fund Balance/Net position as of July 1, 2012 were restated as follows:

	Net Position - Governmental Activities	Fund Balance - General General Fund
Beginning balances as previously reported	\$ 11,803,647	\$ 8,650,926
Restatement to reclassify rescue recovery funds as deferred revenue	(25,414)	(25,414)
Beginning balances as restated	\$ 11,778,233	\$ 8,625,512
	Net Position - Water and Sewer Fund	
Beginning balances as previously reported	\$ 16,241,936	
Consolidation of Montross Sewer Fund	4,141,418	
Beginning balances as restated	\$ 20,383,354	

COUNTY OF WESTMORELAND, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 21 - PENDING GASB PRONOUNCEMENTS:

At June 30, 2013, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the City are as follows:

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 14,960,628	\$ 14,960,628	\$ 14,694,239	\$ (266,389)
Other local taxes	1,753,643	1,753,643	1,754,768	1,125
Permits, privilege fees, and regulatory licenses	172,200	172,200	202,424	30,224
Fines and forfeitures	89,000	89,000	115,070	26,070
Revenue from the use of money and property	192,861	192,861	99,626	(93,235)
Charges for services	55,376	59,440	84,194	24,754
Miscellaneous	41,600	49,694	134,388	84,694
Recovered costs	601,357	769,760	882,009	112,249
Intergovernmental revenues:				
Commonwealth	5,031,787	5,833,146	5,425,836	(407,310)
Federal	1,006,912	1,126,964	1,137,687	10,723
Total revenues	\$ 23,905,364	\$ 25,007,336	\$ 24,530,241	\$ (477,095)
EXPENDITURES				
Current:				
General government administration	\$ 2,483,351	\$ 2,670,480	\$ 2,079,138	\$ 591,342
Judicial administration	858,717	908,514	872,047	36,467
Public safety	4,813,581	5,358,808	5,140,387	218,421
Public works	2,638,227	2,756,598	2,565,625	190,973
Health and welfare	3,348,970	3,928,152	3,555,288	372,864
Education	8,170,065	8,170,065	7,628,757	541,308
Parks, recreation, and cultural	464,192	467,852	444,199	23,653
Community development	582,168	884,392	634,520	249,872
Nondepartmental	188,163	195,110	195,045	65
Capital projects	616,318	10,236,842	4,033,331	6,203,511
Debt service:				
Principal retirement	364,000	364,000	364,000	-
Interest and other fiscal charges	156,976	447,926	154,455	293,471
Total expenditures	\$ 24,684,728	\$ 36,388,739	\$ 27,666,792	\$ 8,721,947
Excess (deficiency) of revenues over (under) expenditures	\$ (779,364)	\$ (11,381,403)	\$ (3,136,551)	\$ 8,244,852
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (79,507)	\$ (122,569)	\$ (122,569)	\$ -
Issuance of revenue bonds	-	7,500,000	906,846	(6,593,154)
Issuance of capital leases	-	-	236,761	236,761
Total other financing sources (uses)	\$ (79,507)	\$ 7,377,431	\$ 1,021,038	\$ (6,356,393)
Net change in fund balances	\$ (858,871)	\$ (4,003,972)	\$ (2,115,513)	\$ 1,888,459
Fund balances - beginning, as restated	858,871	4,003,972	8,625,512	4,621,540
Fund balances - ending	\$ -	\$ -	\$ 6,509,999	\$ 6,509,999

Schedule of Pension and OPEB Funding Progress
Last Three Fiscal Years

VIRGINIA RETIREMENT SYSTEM:COUNTY:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 15,628,946	\$ 21,396,269	\$ 5,767,323	73.05%	\$ 4,509,140	127.90%
6/30/2011	15,575,423	20,636,913	5,061,490	75.47%	4,502,014	112.43%
6/30/2010	15,155,651	19,717,619	4,561,968	76.86%	4,326,727	105.44%

Health Insurance Credit Program:

Actuarial Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 8,600	\$ 46,885	\$ 38,285	18.34%	\$ 1,932,811	1.98%
6/30/2011	7,487	45,851	38,364	16.33%	1,608,390	2.39%
6/30/2010	5,005	44,833	39,828	11.16%	4,326,727	0.92%

OTHER POSTEMPLOYMENT BENEFITS:

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

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

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 2,969,616	\$ 3,812,803	\$ 843,187	77.89%	\$ 934,783	90.20%
6/30/2011	2,982,900	3,550,164	567,264	84.02%	885,929	64.03%
6/30/2010	2,920,349	3,398,304	477,955	85.94%	974,509	49.05%

OTHER POSTEMPLOYMENT BENEFITS:

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

* Three years of valuations are not available.

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements and Schedules

Capital Projects Fund

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

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 12,353	\$ 12,353	\$ 2,161	\$ (10,192)
Miscellaneous	-	-	-	-
Total revenues	<u>\$ 12,353</u>	<u>\$ 12,353</u>	<u>\$ 2,161</u>	<u>\$ (10,192)</u>
EXPENDITURES				
Capital projects	\$ 23,002	\$ 46,135	\$ 15,982	\$ 30,153
Debt service:				
Principal retirement	61,820	61,820	61,820	-
Interest and other fiscal charges	17,687	17,687	17,687	-
Total expenditures	<u>\$ 102,509</u>	<u>\$ 125,642</u>	<u>\$ 95,489</u>	<u>\$ 30,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (90,156)</u>	<u>\$ (113,289)</u>	<u>\$ (93,328)</u>	<u>\$ 19,961</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 79,507	\$ 79,507	\$ 79,507	\$ -
Total other financing sources (uses)	<u>\$ 79,507</u>	<u>\$ 79,507</u>	<u>\$ 79,507</u>	<u>\$ -</u>
Net change in fund balances	\$ (10,649)	\$ (33,782)	\$ (13,821)	\$ 19,961
Fund balances - beginning	10,649	33,782	1,206,346	1,172,564
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,192,525</u>	<u>\$ 1,192,525</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Debt Service Fund	Special Revenue Fund	
	AT Johnson Debt Service Fund	Placid Bay Sanitary District Fund	Total
ASSETS			
Cash and cash equivalents	\$ 66,973	\$ 106,439	\$ 173,412
Investments	93,944	-	93,944
Receivables (net of allowance for uncollectibles):			
Accounts receivable	11,192	-	11,192
Total assets	<u>\$ 172,109</u>	<u>\$ 106,439</u>	<u>\$ 278,548</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Committed	\$ 172,109	\$ 106,439	\$ 278,548
Total fund balances	<u>\$ 172,109</u>	<u>\$ 106,439</u>	<u>\$ 278,548</u>
Total liabilities and fund balances	<u>\$ 172,109</u>	<u>\$ 106,439</u>	<u>\$ 278,548</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Debt Service Fund	Special Revenue Fund	
	AT Johnson Debt Service Fund	Placid Bay Sanitary District Fund	Total
REVENUES			
General property taxes	\$ -	\$ 49,020	\$ 49,020
Revenue from the use of money and property	161,566	-	161,566
Charges for services	4,740	57,419	62,159
Total revenues	\$ 166,306	\$ 106,439	\$ 272,745
EXPENDITURES			
Debt service:			
Principal retirement	\$ 153,579	\$ -	\$ 153,579
Interest and other fiscal charges	44,608	-	44,608
Total expenditures	\$ 198,187	\$ -	\$ 198,187
Excess (deficiency) of revenues over (under) expenditures	\$ (31,881)	\$ 106,439	\$ 74,558
Net change in fund balances	\$ (31,881)	\$ 106,439	\$ 74,558
Fund balances - beginning	203,990	-	203,990
Fund balances - ending	\$ 172,109	\$ 106,439	\$ 278,548

COUNTY OF WESTMORELAND, VIRGINIA

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2013

	Debt Service Fund			
	AT Johnson Debt Service Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ -	\$ -	\$ -	-
Revenue from the use of money and property	164,173	164,173	161,566	(2,607)
Charges for services	3,500	3,500	4,740	1,240
Total revenues	\$ 167,673	\$ 167,673	\$ 166,306	\$ (1,367)
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ -	-
Debt service:				
Principal retirement	153,580	153,580	153,579	1
Interest and other fiscal charges	44,942	44,942	44,608	334
Total expenditures	\$ 198,522	\$ 198,522	\$ 198,187	\$ 335
Excess (deficiency) of revenues over (under) expenditures	\$ (30,849)	\$ (30,849)	\$ (31,881)	\$ (1,032)
Net change in fund balances	\$ (30,849)	\$ (30,849)	\$ (31,881)	\$ (1,032)
Fund balances - beginning	30,849	30,849	203,990	173,141
Fund balances - ending	\$ -	\$ -	\$ 172,109	\$ 172,109

Special Revenue Fund				
Placid Bay Sanitary District Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ -	\$ 51,780	\$ 49,020	\$	(2,760)
-	-	-		-
-	61,941	57,419		(4,522)
\$ -	\$ 113,721	\$ 106,439	\$	(7,282)
\$ -	\$ 61,941	\$ -	\$	61,941
-	-	-		-
-	51,780	-		51,780
\$ -	\$ 113,721	\$ -	\$	113,721
\$ -	-	106,439	\$	106,439
\$ -	-	106,439	\$	106,439
-	-	-		-
\$ -	-	106,439	\$	106,439

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2013

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Alternative Education Program</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ <u>30,232</u>	\$ <u>137,599</u>	\$ <u>167,831</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 16,172	\$ 37,365	\$ 53,537
Amounts held for social services clients	14,060	-	14,060
Amounts held for alternative education program	-	100,234	100,234
Total liabilities	\$ <u>30,232</u>	\$ <u>137,599</u>	\$ <u>167,831</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2013

	Balance Beginning	Additions	Deletions	Balance End of Year
Special Welfare:				
ASSETS				
Cash and cash equivalents	\$ 29,149	\$ 30,232	\$ 29,149	\$ 30,232
Total assets	<u>\$ 29,149</u>	<u>\$ 30,232</u>	<u>\$ 29,149</u>	<u>\$ 30,232</u>
LIABILITIES				
Accounts payable	\$ 15,088	\$ 16,172	\$ 15,088	\$ 16,172
Amounts held for social services clients	14,061	14,060	14,061	14,060
Total liabilities	<u>\$ 29,149</u>	<u>\$ 30,232</u>	<u>\$ 29,149</u>	<u>\$ 30,232</u>
Alternative Education Program:				
ASSETS				
Cash and cash equivalents	\$ 183,125	\$ 268,531	\$ 314,057	\$ 137,599
Total assets	<u>\$ 183,125</u>	<u>\$ 268,531</u>	<u>\$ 314,057</u>	<u>\$ 137,599</u>
LIABILITIES				
Amounts payable and accrued liabilities	\$ 34,967	\$ 37,365	\$ 34,967	\$ 37,365
Amounts held for alternative education program	148,158	231,166	279,090	100,234
Total liabilities	<u>\$ 183,125</u>	<u>\$ 268,531</u>	<u>\$ 314,057</u>	<u>\$ 137,599</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 212,274	\$ 298,763	\$ 343,206	\$ 167,831
Total assets	<u>\$ 212,274</u>	<u>\$ 298,763</u>	<u>\$ 343,206</u>	<u>\$ 167,831</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 50,055	\$ 53,537	\$ 50,055	\$ 53,537
Amounts held for social services clients	14,061	14,060	14,061	14,060
Amounts held for alternative education program	148,158	231,166	279,090	100,234
Total liabilities	<u>\$ 212,274</u>	<u>\$ 298,763</u>	<u>\$ 343,206</u>	<u>\$ 167,831</u>

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2013

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,651,351	\$ 346,406	\$ 1,997,757
Investments	644,504	-	644,504
Receivables (net of allowance for uncollectibles):			
Accounts receivable	74,964	1,928	76,892
Due from other governmental units	638,651	22,083	660,734
Total assets	<u>\$ 3,009,470</u>	<u>\$ 370,417</u>	<u>\$ 3,379,887</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 241,127	\$ 2,958	\$ 244,085
Accrued liabilities	1,614,164	38,635	1,652,799
Due to primary government	543,829	-	543,829
Due to other governmental units	71,401	-	71,401
Total liabilities	<u>\$ 2,470,521</u>	<u>\$ 41,593</u>	<u>\$ 2,512,114</u>
Fund balances:			
Committed - cafeteria	\$ -	\$ 328,824	\$ 328,824
Assigned	3,097	-	3,097
Unassigned	535,852	-	535,852
Total fund balances	<u>\$ 538,949</u>	<u>\$ 328,824</u>	<u>\$ 867,773</u>
Total liabilities and fund balances	<u>\$ 3,009,470</u>	<u>\$ 370,417</u>	<u>\$ 3,379,887</u>

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

Total fund balances per above \$ 867,773

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

Land	\$ 258,916	
Buildings and systems	7,021,999	
Machinery and equipment	<u>1,102,541</u>	8,383,456

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

Compensated absences	\$ (164,293)	
Accrued interest payable	(35,968)	
Net OPEB obligation	(1,534,303)	
Capital leases	<u>(1,704,649)</u>	(3,439,213)

Net position of governmental activities \$ 5,812,016

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 29,644	\$ 158	\$ 29,802
Charges for services	2,050	245,924	247,974
Miscellaneous	308,843	4,829	313,672
Intergovernmental revenues:			
Local government	7,619,299	-	7,619,299
Commonwealth	8,279,959	14,222	8,294,181
Federal	1,664,628	672,243	2,336,871
Total revenues	<u>\$ 17,904,423</u>	<u>\$ 937,376</u>	<u>\$ 18,841,799</u>
EXPENDITURES			
Current:			
Education	\$ 18,232,103	\$ 922,526	\$ 19,154,629
Capital projects	61,739	-	61,739
Debt service:			
Principal retirement	235,267	-	235,267
Interest and other fiscal charges	82,816	-	82,816
Total expenditures	<u>\$ 18,611,925</u>	<u>\$ 922,526</u>	<u>\$ 19,534,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (707,502)</u>	<u>\$ 14,850</u>	<u>\$ (692,652)</u>
Net change in fund balances	\$ (707,502)	\$ 14,850	\$ (692,652)
Fund balances - beginning	1,246,451	313,974	1,560,425
Fund balances - ending	<u>\$ 538,949</u>	<u>\$ 328,824</u>	<u>\$ 867,773</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 \$ (692,652)

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

Capital asset additions	\$ 570,966	
Depreciation expense	<u>(633,641)</u>	(62,675)

Transfer of joint tenancy assets from Primary Government to the Component Unit 297,795

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

Principal retired on capital lease obligations 134,513

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Compensated absences	\$ (18,123)	
Net OPEB obligation	(326,515)	
Accrued interest payable	2,838	
Retirement incentive obligation	<u>100,754</u>	(241,046)
Change in net position of governmental activities		<u>\$ (564,065)</u>

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2013

	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	\$ 29,644	\$ (149)	
Charges for services	-	-	2,050	2,050	
Miscellaneous	104,676	104,676	308,843	204,167	
Intergovernmental revenues:					
Local government	8,160,607	8,160,607	7,619,299	(541,308)	
Commonwealth	8,262,571	8,262,571	8,279,959	17,388	
Federal	1,380,089	1,670,049	1,664,628	(5,421)	
Total revenues	<u>\$ 17,937,736</u>	<u>\$ 18,227,696</u>	<u>\$ 17,904,423</u>	<u>\$ (323,273)</u>	
EXPENDITURES					
Current:					
Education	\$ 17,974,958	\$ 18,844,101	\$ 18,232,103	\$ 611,998	
Capital projects	62,000	62,000	61,739	261	
Debt service:					
Principal retirement	223,243	235,267	235,267	-	
Interest and other fiscal charges	94,840	82,816	82,816	-	
Total expenditures	<u>\$ 18,355,041</u>	<u>\$ 19,224,184</u>	<u>\$ 18,611,925</u>	<u>\$ 612,259</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (417,305)</u>	<u>\$ (996,488)</u>	<u>\$ (707,502)</u>	<u>\$ 288,986</u>	
Net change in fund balances	\$ (417,305)	\$ (996,488)	\$ (707,502)	\$ 288,986	
Fund balances - beginning	417,305	996,488	1,246,451	249,963	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 538,949</u>	<u>\$ 538,949</u>	

Exhibit 21

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 150	\$ 150	\$ 158	\$ 8
273,397	273,397	245,924	(27,473)
-	-	4,829	4,829
-	-	-	-
14,200	14,200	14,222	22
476,718	476,718	672,243	195,525
<u>\$ 764,465</u>	<u>\$ 764,465</u>	<u>\$ 937,376</u>	<u>\$ 172,911</u>
\$ 904,465	\$ 1,074,465	\$ 922,526	\$ 151,939
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 904,465</u>	<u>\$ 1,074,465</u>	<u>\$ 922,526</u>	<u>\$ 151,939</u>
\$ (140,000)	\$ (310,000)	\$ 14,850	\$ 324,850
\$ (140,000)	\$ (310,000)	\$ 14,850	\$ 324,850
140,000	310,000	313,974	3,974
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 328,824</u>	<u>\$ 328,824</u>

Supporting Schedules

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,166,247	\$ 11,166,247	\$ 11,032,354	\$ (133,893)
Real and personal public service corporation taxes	232,480	232,480	244,101	11,621
Personal property taxes	3,050,668	3,050,668	2,809,667	(241,001)
Mobile home taxes	24,035	24,035	21,104	(2,931)
Machinery and tools taxes	90,908	90,908	109,644	18,736
Farm machinery and tools taxes	81,250	81,250	91,465	10,215
Merchants capital taxes	40,040	40,040	37,775	(2,265)
Penalties	190,000	190,000	223,543	33,543
Interest	85,000	85,000	124,586	39,586
Total general property taxes	\$ 14,960,628	\$ 14,960,628	\$ 14,694,239	\$ (266,389)
Other local taxes:				
Local sales and use taxes	\$ 732,643	\$ 732,643	\$ 679,179	\$ (53,464)
Consumers' utility taxes	314,000	314,000	325,311	11,311
Utility gross receipts taxes	48,000	48,000	51,450	3,450
Motor vehicle licenses	500,000	500,000	518,152	18,152
Bank stock taxes	6,000	6,000	3,611	(2,389)
Taxes on recordation and wills	150,000	150,000	174,195	24,195
E-911 taxes	3,000	3,000	2,870	(130)
Total other local taxes	\$ 1,753,643	\$ 1,753,643	\$ 1,754,768	\$ 1,125
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 10,363	\$ 2,363
Permits and other licenses	164,200	164,200	192,061	27,861
Total permits, privilege fees, and regulatory licenses	\$ 172,200	\$ 172,200	\$ 202,424	\$ 30,224
Fines and forfeitures:				
Court fines and forfeitures	\$ 89,000	\$ 89,000	\$ 115,070	\$ 26,070
Revenue from use of money and property:				
Revenue from use of money	\$ 132,665	\$ 132,665	\$ 44,156	\$ (88,509)
Revenue from use of property	60,196	60,196	55,470	(4,726)
Total revenue from use of money and property	\$ 192,861	\$ 192,861	\$ 99,626	\$ (93,235)
Charges for services:				
Sheriff's fees	\$ 1,500	\$ 1,500	\$ 1,301	\$ (199)
Charges for law enforcement and traffic control	7,676	7,676	5,553	(2,123)
Charges for courthouse maintenance	15,000	15,000	14,093	(907)
Charges for court appointed attorney	2,000	2,000	3,857	1,857
Concealed weapons permits	3,000	3,000	11,006	8,006
Charges for Commonwealth's Attorney	1,000	1,000	2,698	1,698

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Charges for services: (Continued)				
Miscellaneous jail and inmate fees	\$ 6,600	\$ 6,600	\$ 15,293	\$ 8,693
Charges for animal control	8,000	8,000	12,450	4,450
Charges for sanitation and waste removal	10,500	14,564	16,604	2,040
Charges for parks, recreation and cultural	100	100	-	(100)
Charges for planning and community development	-	-	1,339	1,339
Total charges for services	\$ 55,376	\$ 59,440	\$ 84,194	\$ 24,754
Miscellaneous revenue:				
Expenditure refunds	\$ -	\$ -	\$ 240	\$ 240
Miscellaneous other	41,600	49,694	134,148	84,454
Total miscellaneous revenue	\$ 41,600	\$ 49,694	\$ 134,388	\$ 84,694
Recovered costs:				
Other recovered costs	\$ 108,607	\$ 124,958	\$ 148,092	\$ 23,134
Rescue recovery	492,750	644,802	733,917	89,115
Total recovered costs	\$ 601,357	\$ 769,760	\$ 882,009	\$ 112,249
Total revenue from local sources	\$ 17,866,665	\$ 18,047,226	\$ 17,966,718	\$ (80,508)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ -	\$ -	\$ 50	\$ 50
Mobile home titling tax	15,000	15,000	19,726	4,726
Motor vehicle rental tax	1,000	1,000	2,084	1,084
State recordation tax	74,068	74,068	55,592	(18,476)
Tax on deeds	30,000	30,000	41,498	11,498
Communication sales and use taxes	600,000	600,000	651,247	51,247
Personal property tax relief funds	1,139,678	1,139,678	1,139,679	1
Total noncategorical aid	\$ 1,859,746	\$ 1,859,746	\$ 1,909,876	\$ 50,130
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 243,426	\$ 243,426	\$ 236,402	\$ (7,024)
Sheriff	979,089	979,089	930,327	(48,762)
Commissioner of revenue	94,486	94,486	93,096	(1,390)
Treasurer	87,273	87,273	86,070	(1,203)
Registrar/electoral board	38,906	38,906	33,529	(5,377)
Clerk of the Circuit Court	196,968	196,968	190,555	(6,413)
Total shared expenses	\$ 1,640,148	\$ 1,640,148	\$ 1,569,979	\$ (70,169)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	\$ 646,861	\$ 652,111	\$ 442,992	\$ (209,119)
Two for life	20,008	20,008	19,726	(282)
Litter control grant	6,000	8,558	8,558	-
Fire programs	38,000	39,583	39,583	-
Comprehensive Services Act	592,875	952,088	915,823	(36,265)
Emergency services	-	-	27,875	27,875
VJCCA grants	141,997	141,997	137,810	(4,187)
Victim-witness grant	45,402	45,402	34,964	(10,438)
DMV grants	-	31,300	-	(31,300)
Wireless grant	39,000	39,000	42,097	3,097
VDOT revenue sharing	-	401,073	265,776	(135,297)
Other categorical aid	1,750	2,132	10,777	8,645
Total other categorical aid	\$ 1,531,893	\$ 2,333,252	\$ 1,945,981	\$ (387,271)
Total categorical aid	\$ 3,172,041	\$ 3,973,400	\$ 3,515,960	\$ (457,440)
Total revenue from the Commonwealth	\$ 5,031,787	\$ 5,833,146	\$ 5,425,836	\$ (407,310)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 1,300	\$ 1,300	\$ 2,883	\$ 1,583
Total noncategorical aid	\$ 1,300	\$ 1,300	\$ 2,883	\$ 1,583
Categorical aid:				
Welfare administration and public assistance	\$ 1,005,612	\$ 1,014,400	\$ 917,394	\$ (97,006)
DMV grants	-	-	25,115	25,115
FEMA grant	-	43,062	122,978	79,916
Criminal justice grants	-	68,202	66,664	(1,538)
Help america vote assistance	-	-	2,653	2,653
Total categorical aid	\$ 1,005,612	\$ 1,125,664	\$ 1,134,804	\$ 9,140
Total revenue from the federal government	\$ 1,006,912	\$ 1,126,964	\$ 1,137,687	\$ 10,723
Total General Fund	\$ 23,905,364	\$ 25,007,336	\$ 24,530,241	\$ (477,095)
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	\$ 3,713	\$ 3,713	\$ 1,106	\$ (2,607)
Revenue from the use of property	160,460	160,460	160,460	-
Total revenue from use of money and property	\$ 164,173	\$ 164,173	\$ 161,566	\$ (2,607)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (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	\$ 3,500	\$ 3,500	\$ 4,740	\$ 1,240
Total revenue from local sources	\$ 167,673	\$ 167,673	\$ 166,306	\$ (1,367)
Total AT Johnson Debt Service Fund	\$ 167,673	\$ 167,673	\$ 166,306	\$ (1,367)
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 12,353	\$ 12,353	\$ 2,161	\$ (10,192)
Total revenue from local sources	\$ 12,353	\$ 12,353	\$ 2,161	\$ (10,192)
Total General Capital Projects Fund	\$ 12,353	\$ 12,353	\$ 2,161	\$ (10,192)
Special Revenue Fund:				
Placid Bay Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ 51,780	\$ 46,188	\$ (5,592)
Penalties	-	-	2,216	2,216
Interest	-	-	616	616
Total general property taxes	\$ -	\$ 51,780	\$ 49,020	\$ (2,760)
Charges for services:				
Road maintenance user fees	\$ -	\$ 61,941	\$ 57,419	\$ (4,522)
Total Placid Bay Sanitary District Fund	\$ -	\$ 113,721	\$ 106,439	\$ (7,282)
Total Primary Government	\$ 24,085,391	\$ 25,301,084	\$ 24,805,147	\$ (495,937)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,500	\$ 2,500	\$ 1,430	\$ (1,070)
Revenue from the use of property	27,293	27,293	28,214	921
Total revenue from use of money and property	\$ 29,793	\$ 29,793	\$ 29,644	\$ (149)
Charges for services:				
Charges for education	\$ -	\$ -	\$ 2,050	\$ 2,050
Miscellaneous revenue:				
Expenditure refunds	\$ 95,023	\$ 95,023	\$ 295,635	\$ 200,612
Other miscellaneous	9,653	9,653	13,208	3,555
Total miscellaneous revenue	\$ 104,676	\$ 104,676	\$ 308,843	\$ 204,167
Total revenue from local sources	\$ 134,469	\$ 134,469	\$ 340,537	\$ 206,068

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2013 (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:				
Revenues from local governments:				
Contribution from County of Westmoreland, Virginia	\$ 8,160,607	\$ 8,160,607	\$ 7,619,299	\$ (541,308)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,872,928	\$ 1,872,928	\$ 1,864,524	\$ (8,404)
Basic school aid	3,745,277	3,745,277	3,711,108	(34,169)
Remedial education	232,812	232,812	303,587	70,775
Gifted and talented	38,942	38,942	38,784	(158)
Special education	523,171	523,171	521,055	(2,116)
Vocational SOQ payments	77,037	77,037	76,725	(312)
Social security fringe benefits	242,115	242,115	241,135	(980)
Retirement fringe benefits	403,807	461,711	498,672	36,961
Early reading intervention	23,389	23,389	25,060	1,671
At risk payments	261,915	261,915	260,614	(1,301)
Technology	206,000	206,000	179,439	(26,561)
Standards of Learning algebra readiness	25,696	25,696	23,945	(1,751)
K-3 initiatives	187,923	187,923	161,026	(26,897)
Other state funds	421,559	363,655	374,285	10,630
Total categorical aid	\$ 8,262,571	\$ 8,262,571	\$ 8,279,959	\$ 17,388
Total revenue from the Commonwealth	\$ 8,262,571	\$ 8,262,571	\$ 8,279,959	\$ 17,388
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 462,000	\$ 544,200	\$ 523,759	\$ (20,441)
Title VI-B, flow-through	312,434	312,434	388,833	76,399
Title VI-B, preschool	17,198	17,198	19,088	1,890
1003 G school improvement	236,372	344,090	343,447	(643)
Interest subsidy	104,872	104,872	100,311	(4,561)
Title II Part A	101,937	118,165	103,877	(14,288)
Other federal funds	145,276	229,090	185,313	(43,777)
Total categorical aid	\$ 1,380,089	\$ 1,670,049	\$ 1,664,628	\$ (5,421)
Total revenue from the federal government	\$ 1,380,089	\$ 1,670,049	\$ 1,664,628	\$ (5,421)
Total School Operating Fund	\$ 17,937,736	\$ 18,227,696	\$ 17,904,423	\$ (323,273)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (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	\$ 150	\$ 150	\$ 158	\$ 8
Charges for services:				
Cafeteria sales	\$ 273,397	\$ 273,397	\$ 245,924	\$ (27,473)
Miscellaneous revenue:				
Other miscellaneous	-	-	4,829	4,829
Total revenue from local sources	\$ 273,547	\$ 273,547	\$ 250,911	\$ (22,636)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 14,200	\$ 14,200	\$ 14,222	\$ 22
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 474,780	\$ 474,780	\$ 651,449	\$ 176,669
Other categorical aid	1,938	1,938	20,794	18,856
Total categorical aid	\$ 476,718	\$ 476,718	\$ 672,243	\$ 195,525
Total revenue from the federal government	476,718	476,718	672,243	195,525
Total School Cafeteria Fund	\$ 764,465	\$ 764,465	\$ 937,376	\$ 172,911
Total Discretely Presented Component Unit - School Board	\$ 18,702,201	\$ 18,992,161	\$ 18,841,799	\$ (150,362)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

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	\$ 72,926	\$ 84,577	\$ 67,231	\$ 17,346
General and financial administration:				
County administrator	\$ 375,058	\$ 389,921	\$ 379,924	\$ 9,997
County attorney	77,442	93,153	60,239	32,914
Independent auditor	47,000	48,000	48,000	-
Commissioner of revenue	364,973	386,015	371,208	14,807
Assessor	416,191	416,191	-	416,191
Treasurer	360,552	372,451	354,869	17,582
Accounting	259,910	273,183	258,137	15,046
Data processing	98,684	145,294	107,142	38,152
Risk management	220,929	268,812	263,275	5,537
Delinquent tax collections	22,951	23,110	18,648	4,462
Dues for local government	5,240	5,241	5,241	-
Total general and financial administration	\$ 2,248,930	\$ 2,421,371	\$ 1,866,683	\$ 554,688
Board of elections:				
Electoral board and officials	\$ 54,324	\$ 54,397	\$ 41,738	\$ 12,659
Registrar	107,171	110,135	103,486	6,649
Total board of elections	\$ 161,495	\$ 164,532	\$ 145,224	\$ 19,308
Total general government administration	\$ 2,483,351	\$ 2,670,480	\$ 2,079,138	\$ 591,342
Judicial administration:				
Courts:				
Circuit court	\$ 32,249	\$ 32,441	\$ 24,960	\$ 7,481
General district court	3,810	3,810	3,305	505
Juvenile and domestic relations district court	12,975	19,505	7,960	11,545
Clerk of the circuit court	375,647	408,062	399,344	8,718
Victim-witness	47,411	47,723	47,061	662
Other	11,200	14,839	11,881	2,958
Total courts	\$ 483,292	\$ 526,380	\$ 494,511	\$ 31,869
Commonwealth's attorney:				
Commonwealth's attorney	\$ 375,425	\$ 382,134	\$ 377,536	\$ 4,598
Total commonwealth's attorney	\$ 375,425	\$ 382,134	\$ 377,536	\$ 4,598
Total judicial administration	\$ 858,717	\$ 908,514	\$ 872,047	\$ 36,467
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 2,136,792	\$ 2,218,008	\$ 2,173,787	\$ 44,221
Other law enforcement and traffic control	15,000	125,232	104,138	21,094
Sheriff - 911 system	511,844	620,896	569,053	51,843
Total law enforcement and traffic control	\$ 2,663,636	\$ 2,964,136	\$ 2,846,978	\$ 117,158

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (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	\$ 563,348	\$ 564,583	\$ 563,583	\$ 1,000
Ambulance and rescue services	871,766	1,032,668	1,018,719	13,949
Forestry	7,435	7,435	7,435	-
Total fire and rescue services	\$ 1,442,549	\$ 1,604,686	\$ 1,589,737	\$ 14,949
Correction and detention:				
Juvenile and domestic relations court service unit	\$ 75,911	\$ 113,281	\$ 111,594	\$ 1,687
Juvenile commission crime control	141,997	141,997	137,810	4,187
Total correction and detention	\$ 217,908	\$ 255,278	\$ 249,404	\$ 5,874
Inspections:				
Building	\$ 123,571	\$ 138,709	\$ 111,758	\$ 26,951
Other protection:				
Animal control	\$ 139,156	\$ 164,229	\$ 136,947	\$ 27,282
Medical examiner	200	200	180	20
Emergency management	90,239	94,765	88,210	6,555
Emergency services (civil defense)	136,322	136,805	117,173	19,632
Total other protection	\$ 365,917	\$ 395,999	\$ 342,510	\$ 53,489
Total public safety	\$ 4,813,581	\$ 5,358,808	\$ 5,140,387	\$ 218,421
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 12,000	\$ 12,000	\$ 10,260	\$ 1,740
Sanitation and waste removal:				
Refuse collection	\$ 611,106	\$ 515,665	\$ 469,295	\$ 46,370
Refuse disposal	1,175,651	1,231,617	1,185,538	46,079
Total sanitation and waste removal	\$ 1,786,757	\$ 1,747,282	\$ 1,654,833	\$ 92,449
Maintenance of general buildings and grounds:				
General properties	\$ 839,470	\$ 997,316	\$ 900,532	\$ 96,784
Total public works	\$ 2,638,227	\$ 2,756,598	\$ 2,565,625	\$ 190,973
Health and welfare:				
Health:				
Local health department	\$ 179,243	\$ 180,522	\$ 179,243	\$ 1,279
Mental health and mental retardation:				
Contribution to Chapter X Board	\$ 53,182	\$ 53,182	\$ 53,182	-
Welfare:				
Welfare administration	\$ 1,975,972	\$ 1,987,312	\$ 1,670,798	\$ 316,514
Public assistance	278,073	292,111	254,422	37,689
Comprehensive Services Act	862,500	1,415,025	1,397,643	17,382
Total welfare	\$ 3,116,545	\$ 3,694,448	\$ 3,322,863	\$ 371,585
Total health and welfare	\$ 3,348,970	\$ 3,928,152	\$ 3,555,288	\$ 372,864

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (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	\$ 8,160,607	\$ 8,160,607	\$ 7,619,299	\$ 541,308
Contributions to community college	9,458	9,458	9,458	-
Total education	<u>\$ 8,170,065</u>	<u>\$ 8,170,065</u>	<u>\$ 7,628,757</u>	<u>\$ 541,308</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	\$ 46,360	\$ 46,360	\$ 46,360	\$ -
Other cultural enrichment	17,494	17,494	-	17,494
Total cultural enrichment	<u>63,854</u>	<u>63,854</u>	<u>46,360</u>	<u>17,494</u>
Library:				
Contribution to regional library	\$ 399,838	\$ 403,498	\$ 397,839	\$ 5,659
Total parks, recreation, and cultural	<u>\$ 464,192</u>	<u>\$ 467,852</u>	<u>\$ 444,199</u>	<u>\$ 23,653</u>
Community development:				
Planning and community development:				
Planning	\$ 391,967	\$ 424,671	\$ 373,318	\$ 51,353
Community development	37,850	37,850	37,850	-
Northern Neck Planning Commission	28,000	63,000	28,000	35,000
Planning District Commission	9,500	9,500	5,611	3,889
Zoning board	2,900	2,900	751	2,149
Wetlands board	6,100	6,100	4,620	1,480
Tourism	31,000	103,474	21,616	81,858
Industrial Development Authority	17,500	81,578	52,433	29,145
Housing assistance	-	75,432	52,300	23,132
Other community development	-	26,333	12,500	13,833
Total planning and community development	<u>\$ 524,817</u>	<u>\$ 830,838</u>	<u>\$ 588,999</u>	<u>\$ 241,839</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 10,500	\$ 10,500	\$ 10,450	\$ 50
Litter control	6,000	1,203	1,203	-
Total environmental management	<u>\$ 16,500</u>	<u>\$ 11,703</u>	<u>\$ 11,653</u>	<u>\$ 50</u>
Cooperative extension program:				
Cooperative extension program	\$ 40,851	\$ 41,851	\$ 33,868	\$ 7,983
Total cooperative extension program	<u>\$ 40,851</u>	<u>\$ 41,851</u>	<u>\$ 33,868</u>	<u>\$ 7,983</u>
Total community development	<u>\$ 582,168</u>	<u>\$ 884,392</u>	<u>\$ 634,520</u>	<u>\$ 249,872</u>
Nondepartmental:				
Other nondepartmental	\$ 188,163	\$ 195,110	\$ 195,045	\$ 65

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Capital projects:				
New courthouse	\$ -	\$ 8,549,870	\$ 2,448,280	\$ 6,101,590
Land acquisition	250,000	250,000	250,000	-
Radio system	-	100,000	336,761	(236,761)
James Monroe visitors center	292,250	461,450	455,400	6,050
Other capital projects	74,068	875,522	542,890	332,632
Total capital projects	<u>\$ 616,318</u>	<u>\$ 10,236,842</u>	<u>\$ 4,033,331</u>	<u>\$ 6,203,511</u>
Debt service:				
Principal retirement	\$ 364,000	\$ 364,000	\$ 364,000	\$ -
Interest and other fiscal charges	156,976	447,926	154,455	293,471
Total debt service	<u>\$ 520,976</u>	<u>\$ 811,926</u>	<u>\$ 518,455</u>	<u>\$ 293,471</u>
Total General Fund	<u>\$ 24,684,728</u>	<u>\$ 36,388,739</u>	<u>\$ 27,666,792</u>	<u>\$ 8,721,947</u>
Debt Service Fund:				
AT Johnson Debt Service Fund:				
Debt service:				
Principal retirement	\$ 153,580	\$ 153,580	\$ 153,579	\$ 1
Interest and other fiscal charges	44,942	44,942	44,608	334
Total AT Johnson Debt Service Fund	<u>\$ 198,522</u>	<u>\$ 198,522</u>	<u>\$ 198,187</u>	<u>\$ 335</u>
Capital Projects Fund:				
General Capital Projects Fund:				
Capital projects expenditures:				
Other capital projects	\$ 23,001	\$ 46,134	\$ 15,982	\$ 30,152
Debt service:				
Principal retirement	\$ 61,820	\$ 61,820	\$ 61,820	\$ -
Interest and other fiscal charges	17,687	17,687	17,687	-
Total debt service	<u>\$ 79,507</u>	<u>\$ 79,507</u>	<u>\$ 79,507</u>	<u>\$ -</u>
Total General Capital Projects Fund	<u>\$ 102,509</u>	<u>\$ 125,642</u>	<u>\$ 95,489</u>	<u>\$ 30,153</u>
Special Revenue Fund:				
Placid Bay Sanitation District Fund:				
Community development:				
Placid Bay sanitary district	\$ -	\$ 61,941	\$ -	\$ 61,941
Debt service:				
Interest and other fiscal charges	\$ -	\$ 51,780	\$ -	\$ 51,780
Total Placid Bay Sanitation District Fund	<u>\$ -</u>	<u>\$ 113,721</u>	<u>\$ -</u>	<u>\$ 113,721</u>
Total Primary Government	<u>\$ 24,985,759</u>	<u>\$ 36,826,624</u>	<u>\$ 27,960,468</u>	<u>\$ 8,866,156</u>

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2013 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction costs:				
Classroom instruction	\$ 10,689,656	\$ 10,909,252	\$ 10,619,348	\$ 289,904
Guidance services	416,466	422,460	390,322	32,138
Homebound instruction	69,184	61,184	43,722	17,462
Improvement of instruction	15,610	23,550	21,734	1,816
Media services	312,328	276,446	261,710	14,736
Office of the principal	854,193	957,799	933,821	23,978
Total instruction costs	<u>\$ 12,357,437</u>	<u>\$ 12,650,691</u>	<u>\$ 12,270,657</u>	<u>\$ 380,034</u>
Administration, attendance, and health:				
Board services	\$ 32,047	\$ 34,173	\$ 33,935	\$ 238
Executive administration	710,350	765,441	762,927	2,514
Fiscal services	125,713	125,474	124,975	499
Health services	177,859	158,875	158,599	276
Psychologist services	82,817	87,318	87,207	111
Attendance and health services	85,089	85,089	84,687	402
Total administration, attendance, and health	<u>\$ 1,213,875</u>	<u>\$ 1,256,370</u>	<u>\$ 1,252,330</u>	<u>\$ 4,040</u>
Operating costs:				
Pupil transportation	\$ 1,669,960	\$ 2,203,354	\$ 2,151,298	\$ 52,056
Operation and maintenance of school plant	1,621,403	1,626,403	1,598,613	27,790
Operation and maintenance - vehicle services	10,500	5,500	1,458	4,042
Facilities	36,079	36,079	148	35,931
Technology	1,065,704	1,065,704	957,599	108,105
Total operating costs	<u>\$ 4,403,646</u>	<u>\$ 4,937,040</u>	<u>\$ 4,709,116</u>	<u>\$ 227,924</u>
Total education	<u>\$ 17,974,958</u>	<u>\$ 18,844,101</u>	<u>\$ 18,232,103</u>	<u>\$ 611,998</u>
Capital projects:				
School capital projects	<u>\$ 62,000</u>	<u>\$ 62,000</u>	<u>\$ 61,739</u>	<u>\$ 261</u>
Debt service:				
Principal retirement	\$ 223,243	\$ 235,267	\$ 235,267	\$ -
Interest and other fiscal charges	94,840	82,816	82,816	-
Total debt service	<u>\$ 318,083</u>	<u>\$ 318,083</u>	<u>\$ 318,083</u>	<u>\$ -</u>
Total School Operating Fund	<u>\$ 18,355,041</u>	<u>\$ 19,224,184</u>	<u>\$ 18,611,925</u>	<u>\$ 612,259</u>
Special Revenue Fund:				
Cafeteria Fund:				
Education:				
School food services:				
Food services	<u>\$ 904,465</u>	<u>\$ 1,074,465</u>	<u>\$ 922,526</u>	<u>\$ 151,939</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 19,259,506</u>	<u>\$ 20,298,649</u>	<u>\$ 19,534,451</u>	<u>\$ 764,198</u>

Other Supplementary Information

Statistical Information

COUNTY OF WESTMORELAND, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General		Public			Health and Welfare	Education	Parks, Recreation, and Cultural	Community Develop- ment	Interest on Long- Term Debt	Water and Sewer	Total
	Admini- stration	Judicial Admini- stration	Safety	Works								
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	
2012-13	2,152,852	867,013	4,492,161	2,749,704	3,679,109	8,043,146	656,184	620,719	223,313	1,955,002	25,439,203	

COUNTY OF WESTMORELAND, VIRGINIA

Table 2

Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES									
	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
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				
2012-13	2,510,447	4,384,988	767,324	14,656,404	1,754,768	261,606	146,605	1,912,759	-	26,394,901				

COUNTY OF WESTMORELAND, VIRGINIA

Table 3

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General		Other		Permit Privilege		Use of Money & Property	Charges for Services	Miscellaneous	Recovered Costs	Intergovernmental	Total
	Property Taxes		Local Taxes		Fees & Regulatory Licenses	Fines & Forfeitures						
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
2013	14,743,259		1,754,768		202,424	115,070	290,994	394,327	448,060	882,009	17,194,575	36,025,486

(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	Education (2)	Recreation and Cultural	Community Development	Non-Departmental	Debt Service	Total
	Administration	Administration										
2004	\$ 1,388,636	\$ 647,060	\$ 2,682,973	\$ 1,686,590	\$ 2,569,845	\$ 14,527,102	\$ 488,045	\$ 543,968	\$ 54,791	\$ 1,643,142	\$ 26,232,152	
2005	1,814,125	702,249	3,192,806	1,916,163	3,055,441	15,976,207	509,934	444,360	71,116	1,618,225	29,300,626	
2006	1,829,959	803,974	3,961,572	2,375,560	2,839,575	16,043,901	499,675	543,575	63,474	1,650,432	30,611,697	
2007	1,734,585	943,246	4,140,783	2,397,311	3,331,790	17,214,087	447,404	587,469	101,102	1,584,208	32,481,985	
2008	1,875,381	953,929	4,563,061	2,525,615	3,733,412	17,937,265	497,341	565,853	125,211	1,546,464	34,323,532	
2009	2,038,948	907,316	4,571,090	2,833,071	3,596,622	18,330,747	515,689	467,666	94,121	1,730,065	35,085,335	
2010	2,060,753	877,830	4,585,658	2,878,497	3,380,986	18,138,812	515,150	514,554	131,460	1,564,482	34,648,182	
2011	1,987,329	895,219	4,602,138	2,459,360	3,124,656	17,209,298	506,999	532,286	159,931	1,038,791	32,516,007	
2012	1,944,503	913,738	5,336,694	2,473,391	3,279,533	17,781,422	442,584	509,465	199,991	1,121,635	34,002,956	
2013	2,079,138	872,047	5,140,387	2,565,625	3,555,288	19,164,087	444,199	634,520	195,045	1,114,232	35,764,568	

(1) Includes current expenditures of the General, Special Revenue and Debt Service Funds of the Primary

Government, debt service expenditures of the Capital Projects Funds, and Component Unit School Board.

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

COUNTY OF WESTMORELAND, VIRGINIA

Table 5

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	(2)		Percent of Levy Collected	(1)		(2)		Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
		Current Tax Collections			Delinquent Tax Collections		Total Tax Collections				
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%
2013	15,872,439	15,168,284		95.56%	366,525		15,534,809		97.87%	809,454	5.10%

(1) Exclusive of penalties and interest.

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

\$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, 2012 and 2013.

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			
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	
2013	2,494,278,280	155,807,020	6,901,620	7,259,190	9,391,850	55,376,280	2,729,014,240	

(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
2004	\$ 0.66	2.50	\$ 1.50	\$ 1.25	\$ 0.50	0.50
2005	0.66	2.50	1.50	1.25	0.50	0.50
2006	0.66	2.50	1.50	1.25	0.50	0.50
2007	0.44	3.00	1.50	1.25	0.50	0.50
2008	0.44	3.00	1.50	1.25	0.50	0.50
2009	0.50	3.00	1.50	1.25	0.50	0.50
2010	0.50	3.00	1.50	1.25	0.50	0.50
2011	0.46	3.00	1.50	1.25	0.46	0.46
2012	0.46	3.00	1.50	1.25	0.46	0.46
2013	0.48	3.00	1.50	1.25	0.46	0.46

(1) Per \$100 of assessed value.

(2) Also applies to public utility property.

COUNTY OF WESTMORELAND, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less		Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues (4)		
2004	16,718	1,246,646,198	14,620,587	660,344	2,118,067	0.95%	708
2005	16,718	1,265,861,210	14,183,925	690,166	2,531,009	0.87%	656
2006	17,227	1,311,519,280	15,280,536	757,270	5,196,951	0.71%	541
2007	17,188	2,269,623,930	14,395,466	769,838	5,167,717	0.37%	492
2008	17,188	2,315,082,260	14,463,398	788,055	6,111,061	0.33%	440
2009	17,462	2,390,924,474	13,498,455	833,640	6,035,963	0.28%	380
2010	17,515	2,445,154,337	10,324,554	561,771	6,111,110	0.15%	208
2011	17,454	2,690,468,966	16,009,864	237,082	10,379,375	0.20%	309
2012	17,460	2,706,651,720	15,329,116	203,990	10,270,219	0.18%	278
2013	17,703	2,729,014,240	15,508,350	278,548	10,122,006	0.19%	289

(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
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%
2013	814,666	299,566	1,114,232	35,764,568	3.12%

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

(2) From Table 4.

Compliance

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the 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, 2013, and the related notes to the financial statements, which collectively comprise the County of Westmoreland, Virginia's basic financial statements, and have issued our report thereon dated January 28, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
January 28, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Westmoreland, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Westmoreland, Virginia's major federal programs for the year ended June 30, 2013. County of Westmoreland, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Westmoreland, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Westmoreland, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Westmoreland, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Westmoreland, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
January 28, 2014

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Election Assistance Commission:			
Direct Payments:			
Help America Vote Act Requirements Payments	90.401	56402-40030	\$ 2,653
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760112/0760113	\$ 31,675
Promoting Safe and Stable Families	93.556	0950112/0950113	12,899
Temporary Assistance for Needy Families (TANF)	93.558	0400112/0400113	200,677
Refugee and Entrant Assistance - State Administered Programs	93.566	0500112/0500113	788
Low-Income Home Energy Assistance	93.568	0600412/0600413	16,377
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900112/0900113	943
Foster Care - Title IV-E	93.658	1100112/1100113	78,124
Adoption Assistance	93.659	1120112/1120113	28,160
Social Services Block Grant	93.667	1000112/1000113	116,986
Chafee Foster Care Independence Program	93.674	9150112/9150113	1,203
Children's Health Insurance Program	93.767	0540112/0540113	6,277
Medical Assistance Program	93.778	1200112/1200113	157,707
Total Department of Health and Human Services			\$ 651,816
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 Loans and Grants	10.766	N/A	\$ 906,846
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	501,548
Total Department of Agriculture - direct			\$ 1,408,394
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution Service	10.555	10.555/2012/2013	\$ 54,485
National school lunch program	10.555	10.555/2012/2013	430,331
Total 10.555			\$ 484,816
School Breakfast Program	10.553	10.553/2012/2013	\$ 166,633
Total Child Nutrition Cluster			\$ 651,449
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	10.579/2011	\$ 16,587
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010112/0010113	\$ 263,078
Total Department of Agriculture			\$ 2,339,508
Department of Homeland Security:			
Direct Payments:			
Emergency Food and Shelter National Board Program	97.024	N/A	\$ 2,500
Pass Through Payments:			
Department of Emergency Services:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	77602-155/77602-157	122,978
Total Department of Homeland Security			\$ 125,478

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Virginia Compensation Board:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-71100	\$ 65,935
Local Law Enforcement Block Grant	16.592	39001-71200	729
Total Department of Justice			\$ 66,664
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	60507-52104	\$ 10,941
State and Community Highway Safety	20.600	60507-53433	2,739
Alcohol Open Container Requirements	20.607	60507-53472	11,435
Total Department of Transportation			\$ 25,115
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A110046/ S010A120046	\$ 526,995
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	H027A120107	388,833
Special Education - Preschool Grants	84.173	H173A120112	19,088
Total Special Education Cluster (IDEA)			\$ 407,921
Migrant Education - State Grant Program	84.011	S011A120047/ S011A110047	85,079
Career and Technical Education - Basic Grants to States	84.048	V048A120046/ V048A110046	40,692
Migrant Education - Coordination Program	84.144	S144F110047	8,138
Twenty-First Century Community Learning Centers	84.287	S287C100047	579
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	17117-2013	6,500
English Language Acquisition Grants	84.365	S365A110046 S365A120046	13,574
Improving Teacher Quality State Grants	84.367	S367A110044 S367A120044	103,877
School Improvement Grants	84.377	S377A090047	345,169
Total Department of Education			\$ 1,538,524
Total Expenditures of Federal Awards			\$ 4,779,758

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, 2013

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, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Westmoreland, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Westmoreland, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Distribution

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,137,687
General Fund - Rural Development Loan Proceeds	906,846
Less: Payments in Lieu of Taxes	(2,883)
Proprietary Funds:	
Water and Sewer Fund	501,548
Total primary government	\$ <u>2,543,198</u>

Component Unit School Board:

School Operating Fund	\$ 1,664,628
School Cafeteria Fund	672,243
Total Component Unit School Board	\$ <u>2,336,871</u>

Total federal expenditures per basic financial
statements

\$ 4,880,069

Less: Interest Subsidy

\$ (100,311)

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 4,779,758

COUNTY OF WESTMORELAND, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
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 auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.555/10.553	Child Nutrition Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
10.766	Community Facilities Loans and Grants
84.377	School Improvement Grants

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

COUNTY OF WESTMORELAND, VIRGINIA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

There were no prior year audit findings.