

County of Orange, VA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010



Civil War Museum at the Exchange Hotel, Gordonsville

ORANGE COUNTY
VIRGINIA

Celebrating 275 years of History

COUNTY OF ORANGE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2010**

Prepared by

Finance Department
Orange, Virginia

**COUNTY OF ORANGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010**

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ORANGE COUNTY, VIRGINIA OFFICE OF THE COUNTY ADMINISTRATOR

JULIE G. JORDAN
COUNTY ADMINISTRATOR
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R. LINDSAY GORDON III BUILDING
112 WEST MAIN STREET
P O BOX 111
ORANGE, VIRGINIA 22960

December 29, 2010

To the Honorable Board of Supervisors of the County of Orange, Virginia:

We are pleased to present the Comprehensive Annual Financial Report for Orange County for the fiscal year ended June 30, 2010. The Code of Virginia requires that all general purpose local governments publish, within six months of the close of each fiscal year, a complete set of audited financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) as established by the Government Accounting Standards Board.

This report consists of management's representations concerning the finances of the County. Consequently, responsibility for both the accuracy of the data, and the completeness and reliability of the information presented in this report rests with management. To provide a reasonable basis for making these representations, County administration has established an internal control framework that is designed both to protect the assets of the County from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits obtained. To the best of our knowledge and belief, this financial report is complete and accurate in all material respects.

The County's financial statements have been audited by Robinson, Farmer, Cox, Associates, a firm of licensed certified public accountants, as required by the Code of Virginia. The audit was conducted in accordance with generally accepted auditing standards and the Independent Auditors' Report is included as the first component in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the County financial statements are presented in conformity with GAAP.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited County's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County MD&A is included in the Financial Section of the report immediately following the report of the independent auditors.

Profile of the County

Orange County, Virginia, is a rural, but developing county with a landscape dominated by gently rolling hillsides, spectacular views of the beautiful Blue Ridge Mountains, the Rapidan River and several of Virginia's most significant historic areas. Located in Virginia's north-central Piedmont region, the County is 72 miles northwest of Richmond, 55 miles southwest of Washington, D.C. and 25 miles northeast of Charlottesville. The County consists of 355 square miles of land that ranges in elevation from 175 feet above sea level along the Rapidan River to 1,200 feet above sea level in the mountains and has an estimated population of 33,139. The County was named after William IV, Prince of Orange, and was formed in 1734. The Town of Orange became Orange County's judicial seat in 1749 when Culpeper County was formed making the previous courthouse location at Raccoon Ford far from the center of the new County.

The County includes two incorporated towns, the Towns of Gordonsville and Orange, which are the main centers of commercial and industrial activity. A planned residential community known as the Lake of the Woods is also located within the County and offers a private residential setting with recreation and open space areas.

The County operates under the traditional Board of Supervisors/County Administrator form of government as defined under Virginia law. The governing body of the County is the Board of Supervisors, which establishes policies for the administration of the County. The Board of Supervisors consists of five members representing the five election districts. The Chairman of the Board of Supervisors is elected from the Board of Supervisors and generally serves for a term of one year in addition to being a District Supervisor. The Board of Supervisors appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out policies established by the Board of Supervisors, and directs business and administrative procedures with the County government.

In addition to the elected Board of Supervisors, five constitutional officers are elected. These officers include the Commissioner of Revenue the Commonwealth's Attorney, the Clerk of the Circuit Court, the Sheriff, and the Treasurer.

Profile of the County: (Continued)

The County provides a full range of services to its residents, including education, public safety, judicial services, solid waste disposal, community and economic development, airport, parks and recreation activities, public libraries, health and welfare, and general administration.

Orange County is financially accountable for a legally separate school district, which is reported separately within the financial statements as a component unit. The Orange County Public Schools is the single largest service provided by the County. The elected School Board is composed of five elected members from each of the election districts. The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of one high school, two middle schools, and five elementary schools. The average daily membership for the purpose of establishing the amounts of state school aid for school year 2009-10 was 5,057. This is a decrease of 53 students from the prior year. The statement adopted by the Orange County Public Schools is: *“Improving the future by empowering our students to value learning, achieve their full potential, and pursue their dreams.”*

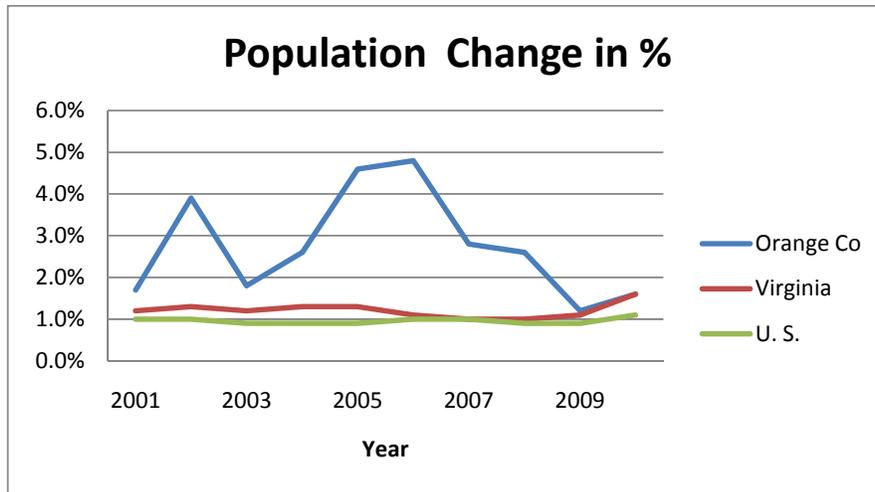
The Economic Development Authority (EDA) is a component unit of the County and has the power to issue tax-exempt industrial development revenue bonds to qualifying enterprises wishing to utilize that form of financing. Those bonds represent limited obligations of the EDA to be repaid solely from the revenue and receipts from the project funded with these proceeds. The debt outstanding does not constitute a debt or pledge of the faith and credit of the County or the EDA.

Virginia law requires the County to maintain a balanced budget in each fiscal year. The annual budget serves as the foundation of the County’s financial planning and control. County departments and agencies begin their budget preparation each fall. In February, the County Administrator submits a proposed operating and capital budget. The operating and capital budgets include proposed expenditures and the means of financing such expenditures. Work sessions are scheduled to further refine the proposal and align it with goals and objectives. A public hearing is conducted to obtain citizen comments on the proposed budget and tax rates. After consideration of public comment, the Board approves and appropriates the budget and sets property tax rates.

Economic Conditions and Outlook

The County continued to feel the effects of the national recession and the very sluggish recovery from it in Fiscal Year 2010. A major driver of the County’s economy over the last decade has been population growth with many new residents moving in to enjoy the County’s more rural and picturesque location and proximity to the markets of Richmond, Charlottesville, Culpeper, and the Washington D.C metropolitan area. As indicated in the following chart, Orange County’s population growth over the last several years has been well above the state and national rates and growth in the commercial and service sectors of the economy accompanied those new residents.

Economic Conditions and Outlook: (Continued)



As the general economy has slowed, so has the in-migration and Orange County's population growth now closely monitors that of the state. Unemployment has also risen. Information provided by the Virginia Employment Commission indicates a County unemployment rates at June 30, 2010, of 7.7%; somewhat higher than the state average of 7.1% but below the national unemployment rate of 9.6% at the same time.

Per capita personal income has dipped only slightly in the County, from \$32,843 in 2007 to \$32,802 in 2008, the most recent yearly data available. But by almost any other measure, from annual payroll to number of business establishments, Orange County has definitely felt the effects of the national recession.

All of this has been reflected in the County's tax receipts. The taxable assessed value of real property in the County increased less than 1% over the prior year as the construction industry suffered a severe decline. Personal property assessed values actually went down by 22% as the overall value of both commercial and non-commercial property, such as vehicles and boats showed a serious decline. At the same time, collections from the County's other local tax revenues, such as sales, meals and communications taxes dropped 2.6% from the prior year. This is on top of the 8.7% decline in these taxes that the County experienced in Fiscal Year 2009 as compared with 2008.

While overall business activity has slowed, Orange County retains a strong core of manufacturing businesses taking advantage of the County's location, skilled labor force, and business friendly atmosphere. The County is the location for production and distribution facilities of nationally recognized industry leaders in such diverse sectors as periodicals, plumbing tools, production molding, hardcover books, and rocket propulsion systems.

Agriculture continues to play a major role in the County's economic life. The number of farms in the County has actually grown over the last several years even though the acreage devoted to farming has declined slightly. In addition to farming, however, the County is home to several related agribusinesses including a greenhouse facility that supplies a national retail chain, two major wineries, and a laboratory specializing in natural pesticides and herbicides that have no adverse impact on the environment.

Major Initiatives

The School Board and Board of Supervisors continued construction of a new \$36 million middle school, and it was approximately 85% complete as of the end of the year. It is expected that construction will be finished in spring 2011, and the school will open in fall 2011. A representation of the new school is shown below – it is designed for 1,200 students and the 49 acre site has been planned to accommodate other County park and recreation amenities, such as baseball and sports fields.



The County has undertaken and has planned for several capital improvement projects at the County Airport to improve access, safety and capacity and make the facility a more valuable tool for economic development in the County. A new \$2.2 million general aviation terminal building is nearing completion as of the end of the fiscal year and projects to expand the parking lot and construct new hangers, taxi lanes and apron areas are scheduled to begin in the near future. Federal and state grants are providing the majority of the financing for these projects.

Tourism efforts continued to be strong in the year ending June 30, 2010. A number of respected travel writers were hosted by our Director of Tourism, many resulting in mentions in the press. Also Familiarization Tours were conducted with Virginia Tourism Corporation staff, tour operators, Journey Through Hallowed Ground members, and visitor center volunteers to highlight the County’s attractions, venues, restaurants, lodging and other amenities. Tourism staff continued to provide support for many local tourism events such as the Montpelier Wine Festival, the Pick of the Piedmont, Orange County Cruisers, and the Orange County Fair.

Regional tourism initiatives working with our partners with the Rappahannock Rapidan Regional Commission, Civil War Trails, Journey Through Hallowed Ground, and Piedmont Crossroads Visitors Center made strides towards our overall tourism success. Finally, the groundwork for the formation of the Civil War Sesquicentennial Committee and strategy for Orange County’s participation – a four year endeavor - were begun.

The County began a comprehensive customer service training program for each Orange County employee. Due to the renewed commitment to providing superior customer service, over the calendar year in 2010, all employees will complete this instruction. Key departmental staff also began leadership training to improve their capabilities as managers. This training was paid for with grant monies.

Other Information

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Orange for its comprehensive annual financial report (CAFR) for the fiscal year ending June 30, 2009. This is the fourth year that Orange County has received this prestigious award.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report is largely the work of the Department of Finance of Orange County - Ms. Karen Karasinski, former Director of Finance, Mr. John Sieg, Interim Director of Finance, and the Department's staff: Ms. Amy Rankin, Ms. Connie Clark, Ms. Cyndi Harbin, and Mr. Joe Rodish. I would like to express my appreciation for their service to the County and for the production of this report in particular. The preparation of this report also could not have been accomplished without the dedicated efforts of Ms. Phyllis M. Yancey, Treasurer of Orange County; Ms. Barbara L. Hill, Director of Finance, School Board, and the members of their staffs. Additionally, I want to thank all the staff of other departments that contributed to the preparation of this report.

Finally, as always I am indebted to the Board of Supervisors for its leadership and support without which this report would not have been possible.

Sincerely,



Julie G. Jordan
County Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Orange
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Jeffrey R. Enow".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enow".

Executive Director

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VOTERS



Treasurer

Sheriff

Clerk of the Circuit Court

Board of Supervisors

Commissioner of the Revenue

Commonwealth's Attorney

School Board

County Administration

County Attorney

Advisory Boards and Commissions

Ruling Boards and Commissions

Planning, Zoning, E&S

Economic Development

Airport Commission

Litter Control Committee

Orange County Nursing Home Commission

Youth Commission

Building Inspections

Fire & Emerg Medical Svcs

EMS Advisory Council

Miscellaneous Advisory Boards & Committees

Orange County Nursing Home

Social Services Board

Emergency Operations (Emergency Mgmt., HAZMAT)

Finance

Planning Commission

Library Board

Library Board

Social Services

Human Resources

Parks & Recreation

Public Works (Facilities, Solid Waste, Airport)

Libraries

Community Policy & Management Team

Community Policy & Management Team

Information Technology

Public Works (Facilities, Solid Waste, Airport)

Economic Development Authority

Libraries

Family Planning & Assessment Team (FAPT)

Family Planning & Assessment Team (FAPT)

Tourism

Animal Shelter

Comprehensive Services (CSA)

Comprehensive Services (CSA)

Comprehensive Services (CSA)

E-911 Center

Orange County Organizational Chart

Elected Officials

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COUNTY OF ORANGE, VIRGINIA

BOARD OF SUPERVISORS

Lee Frame, Chairman
S. Teel Goodwin, Vice-Chairman

Shannon C. Abbs
Zack Burkett
Grover C. Wilson, Jr.

COUNTY SCHOOL BOARD

Jerry Bledsoe, Chairman
Judy P. Carter, Vice-Chairman

Donna-Waugh Robinson
Lou Thompson
Jim Hopkins

SOCIAL SERVICES BOARD

Lynn Huntsman, Chairman
Pat Nabors, Vice-Chairman

Diana Anderton
Rose Bowman
JoAnn Herndon

OTHER OFFICIALS

Judge of the Circuit Court Daniel R. Bouton
Clerk of the Circuit Court..... Teresa T. Carroll
Judge of the General District Court..... Roger L. Morton and W. A. Talley, Jr.
Judge of the Juvenile & Domestic Relations Court..... Frank Somerville and Dwight Johnson
County Attorney Sharon Pandak
Commonwealth's Attorney Diana Wheeler
Commissioner of the Revenue..... Donna H. Chewing
Treasurer Phyllis M. Yancey
Sheriff..... Mark A. Amos
Superintendent of Schools..... Dr. Robert P. Grimesey, Jr.
Clerk of the School Board..... Laura Byram
Director of Social Services..... Robert D. Lingo
County Administrator Julie G. Jordan

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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 Orange, Virginia Orange, Virginia

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2010, on our consideration of the County of Orange, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Robinson, Farmer, Co. Associates

Charlottesville, Virginia

December 28, 2010

County of Orange, Virginia

Management's Discussion and Analysis June 30, 2010

This portion of the annual financial report of the County of Orange, Virginia is intended to provide discussion and analysis of the presentation of our financial statements. The intent of this discussion is to provide an overview of the financial statements and it should be reviewed in combination with the transmittal letter at the front of this report and the County's financial statements, which follow beginning on page 27.

This annual report consists of a series of financial statements. The Statement of Net Assets (page 27) and the Statement of Activities (pages 28 and 29) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 32. These statements tell how services were financed in the short term as well as what remains for future spending for governmental activities. Fund financial statements also provide information about the financial status, operations and short term liquidity of the individual proprietary funds reported within the County's business activities. Fund financial statements report the County's operations in more detail than the government-wide statements. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the County as a Whole

Government-wide Statements:

Analysis of the County's financial health begins with a review of the Statement of Net Assets and the Statement of Activities on pages 27 through 29. One of the most important questions asked about the County's finances is: "Is the County as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All the current year's revenue and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the County's net assets and changes in them. You can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, such as property tax base and condition of facilities, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities, we divide the County into three kinds of activities:

Governmental activities – Most of the County's basic services are reported here including Sheriff, fire, public works, recreation, and general administration. Taxes and state-shared revenue finance most of these activities.

Business-type activities – Activities accounted for in a manner similar to a private business enterprise and, for which, the County does or could charge a fee to customers to cover all or most of the cost of the service it provides. The County airport and landfill activities are reported here.

Reporting the County as a Whole: (Continued)

Government-wide Statements: (Continued)

Component units – Activities conducted by legally separate entities, but ones for which the County is financially accountable. The County includes two separate entities – the Orange County Schools and the Economic Development Authority.

Detail of County Operations

Fund Financial Statements:

Our analysis of the County's major funds begins on page 32 and provides detailed information about the most significant funds; not the County as a whole. The County's two kinds of funds, governmental and proprietary, use different accounting methods.

Governmental funds – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash and the obligations that will be paid in the near term with the cash on hand. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or difference) between the activities (reported in the Government-wide Statements of the Net Assets and the Government-wide Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

Proprietary funds – When the County charges customers for the service it provides, whether to outside customer (enterprise fund) or to other units of the County (internal service fund), these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Government-wide Statement of Net Assets and the Government-wide Statement of Activities. The County's airport and landfill activities are enterprise funds.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for the Talley Memorial Private Purpose Trust. The County is responsible for other assets that, because of a trust agreement can be used only for the trust beneficiaries. All of the County's fiduciary activities are reported in separate Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets on page 42 and 43. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Detail of County Operations: (Continued)

The County as a Whole

The following table reflects a condensed Statement of Net Assets as of June 30, 2010 compared to the balances at the end of the prior year:

**Table 1-Net Assets
(in millions)**

	Governmental Activities		Business-type Activities		Total			
					Primary Government		Component Units	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Current and other assets	\$ 36.6	\$ 63.5	\$ 5.5	\$ 4.2	\$ 42.1	\$ 67.7	\$ 7.0	\$ 6.7
Capital assets	101.2	80.1	9.9	9.3	111.1	89.4	24.9	22.1
Total assets	\$ 137.8	\$ 143.6	\$ 15.4	\$ 13.5	\$ 153.2	\$ 157.1	\$ 31.9	\$ 28.8
Long-term liabilities	\$ 105.3	\$ 109.3	\$ 2.7	\$ 2.5	\$ 108.0	\$ 111.8	\$ 1.3	\$ 0.8
Other liabilities	5.7	6.9	0.5	0.3	6.2	7.2	5.0	4.4
Total liabilities	\$ 111.0	\$ 116.2	\$ 3.2	\$ 2.8	\$ 114.2	\$ 119.0	\$ 6.3	\$ 5.2
Net Assets:								
Invested in capital assets	\$ 7.0	\$ 5.8	\$ 9.9	\$ 9.3	\$ 16.8	\$ 15.1	\$ 24.9	\$ 22.1
Restricted	-	0.4	-	-	-	0.4	-	-
Unrestricted	19.8	21.2	2.3	1.4	22.2	22.6	0.7	1.4
Total net assets	\$ 26.8	\$ 27.4	\$ 12.2	\$ 10.7	\$ 39.0	\$ 38.1	\$ 25.6	\$ 23.5

Net assets serve as an indicator of the County's financial position, and at June 30, 2010, total County of Orange assets exceeded liabilities by \$39.0 million. Net assets are listed in three categories; invested in capital assets, restricted, and unrestricted.

The amount invested in capital assets (\$16.8 million) is shown net of outstanding debt and represents 43% of total net assets. These assets are tangible property used to provide services to taxpayers, such as schools, fire stations, libraries, law enforcement, and airport facilities, and therefore, not available for spending.

At the end of the prior fiscal year, June 30, 2009, the County had \$400,000 of proceeds from a bond issue that had to be used to pay bond interest during construction. At June 30, 2010, the County did not have any net assets that were subject to a similar external restriction.

The final category of net assets is unrestricted, and these are the assets that are available for use in the County's ongoing operations.

Unrestricted Governmental Activities net assets declined by \$1.4 million as the County spent down available debt service and general capital project funds. Governmental Activities current assets declined and capital assets increased over the past year due to the County's construction of a new school. Total net assets of Business-Type activities increased \$1.5 million and this was primarily the result of transfers from the General Fund to the County's Airport and Landfill Funds which are reported as Business-type Activities. The transfers were to pay the local share of capital projects in the Airport Fund that were mostly grant funded and for expected costs of closing the County's existing landfill within the next two years and opening an adjoining area for solid waste disposal.

Detail of County Operations: (Continued)

The County as a Whole: (Continued)

The following table reflects the condensed Statement of Activities.

Table 2-Changes in Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total			
					Primary Government		Component Units	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Revenues								
Program Revenues								
Charges for Services	\$ 2.0	\$ 2.0	\$ 0.6	\$ 0.5	\$ 2.6	\$ 2.5	\$ 1.0	\$ 1.1
Operating Grants & Contributions	6.0	5.8	-	-	6.0	5.8	29.1	29.5
Capital Grants & Contributions	0.6	0.6	0.5	1.0	1.1	1.6	-	-
General Revenues	-	-	-	-	-	-	-	-
Taxes	37.2	36.4	-	-	37.2	36.4	-	-
Intergovernmental revenue	3.0	3.0	-	-	3.0	3.0	19.2	20.3
Investment income	2.0	1.0	-	-	2.0	1.0	-	-
Other general revenues	0.6	0.7	0.1	-	0.7	0.7	0.2	0.2
	<u>\$ 51.4</u>	<u>\$ 49.5</u>	<u>\$ 1.2</u>	<u>\$ 1.5</u>	<u>\$ 52.6</u>	<u>\$ 51.0</u>	<u>\$ 49.5</u>	<u>\$ 51.1</u>
Program Expenses								
General government administration	\$ 4.9	\$ 5.1	\$ -	\$ -	\$ 4.9	\$ 5.1	\$ 0.1	\$ 0.1
Judicial administration	1.3	1.5	-	-	1.3	1.5	-	-
Public safety	10.0	10.0	-	-	10.0	10.0	-	-
Public works	0.7	0.8	-	-	0.7	0.8	-	-
Health and welfare	5.2	4.6	-	-	5.2	4.6	-	-
Education	19.7	20.7	-	-	19.7	20.7	47.3	49.1
Parks, recreation & cultural	1.6	1.7	-	-	1.6	1.7	-	-
Community development	1.5	1.5	-	-	1.5	1.5	-	-
Interest on long term debt	3.8	2.6	-	-	3.8	2.6	-	-
Airport	-	-	0.7	0.5	0.7	0.5	-	-
Landfill	-	-	2.3	2.6	2.3	2.6	-	-
Total expenses	<u>\$ 48.7</u>	<u>\$ 48.5</u>	<u>\$ 3.0</u>	<u>\$ 3.1</u>	<u>\$ 51.7</u>	<u>\$ 51.6</u>	<u>\$ 47.4</u>	<u>\$ 49.2</u>
Excess (deficiency) in net assets before transfers	\$ 2.7	\$ 1.0	\$ (1.9)	\$ (1.6)	\$ 0.9	\$ (0.6)	\$ 2.1	\$ 1.9
Transfers	(3.3)	(3.2)	3.3	3.2	-	-	-	-
Net asset beginning balance	27.4	29.6	10.7	9.1	38.1	38.7	23.5	21.6
Net asset ending balance	<u>\$ 26.8</u>	<u>\$ 27.4</u>	<u>\$ 12.2</u>	<u>\$ 10.7</u>	<u>\$ 39.0</u>	<u>\$ 38.1</u>	<u>\$ 25.6</u>	<u>\$ 23.5</u>

Governmental Activities

Total revenue for Governmental Activities rose by \$1.9 million from fiscal Year 2009 to fiscal year 2010 with increases in General Tax revenues and Investment Income making up the largest share of the increase. Real estate tax collections went up by \$1 million as the rate per \$100 of assessed value was raised \$.02 to \$.49 for 2010 while other local tax revenues declined due to the weak economy.

Overall, Governmental Activities expenses increased only about \$200,000 as compared with Fiscal Year 2009. Only two functional categories of expenses increased in Fiscal Year 2010 over the prior year, Interest on Long Term Debt and Health and Welfare – all others either were level or went down. The increase in debt service costs can be largely attributed to the County's issuance in May 2009 of a \$30.5 million bond to finance the construction of a new middle school. Health and Welfare expenses rose as a result of state and federally mandated expenses of providing social services and comprehensive services to disadvantaged youth in the County.

Detail of County Operations: (Continued)

The County as a Whole: (Continued)

Governmental Activities: (Continued)

As reflected in the figures in the Statement of Activities, the County has taken dramatic steps to limit spending in light of the worsening economy and its impact on County revenues and state financial support. The County's Fiscal Year 2010 adopted General Fund budget was only \$43,000 higher than the Fiscal Year 2008 budget, two years before. Reductions in staff and services have been made and, as a result, expenses have declined in General Government Administration, Public Works and Parks, Recreation and Cultural. The County's contribution to local schools was less as well, dropping by almost 5%, or \$1 million, from \$20.7 million to \$19.7 million.

Business Activities

Operating revenues of the Business-type Activities actually rose in Fiscal Year 2010, but a decline in capital grant funding for the County's Airport resulted in an overall drop in revenue from \$1.5 million to \$1.2 million. Expenses in the Landfill Fund decreased from \$2.6 million to \$2.3 million as waste collection services were cut back and operation of the landfill itself was outsourced to a private contractor. In the Airport Fund, general operating expenses were almost the same as last year, but depreciation rose by about \$177,000 as a result of a number of new capital additions that have been made to upgrade and improve the operation of the facility and that resulted in an increase in total expenses.

Budget Highlights

Over the course of the year, the Board of Supervisors approved numerous revisions to the County budget. The budget is amended by resolution to re-appropriate funding for projects or purchases initiated in the prior fiscal year, but not completed by year end. During the fiscal year, the budget is also amended for necessary, but unanticipated expenditures and to appropriate new revenues, such as grants or donations, that became available during the fiscal year and had not been foreseen when the budget was prepared.

During Fiscal year 2010, approximately \$2.0 million was added to the General Fund budget raising the original expenditure budget from \$37.0 million to a final figure of \$39.0. Included within that total are the following specific increases:

- \$617,828 Additional Comprehensive Services Act expenditures for disadvantaged youth
- \$446,000 Montpelier Gateway Grants (federal and state grant funds)
- \$505,600 Other federal and state grant funded expenditures
- \$147,853 Carryover appropriations for uncompleted projects
- \$106,504 Appropriation of donations and additional fees and service charges
- \$ 92,955 Insurance recoveries
- \$ 63,480 Appropriation for fire training program
- \$ 80,976 Other supplemental appropriations

Capital Assets and Debt Service

Capital Assets

The County of Orange's capital assets in its governmental funds increased by \$21.1 million from Fiscal Year 2009 to fiscal year 2010. The majority of this increase is attributable to the County's ongoing construction of a new middle school – a project that is expected to be completed in the next fiscal year. The County also completed an \$831,000 renovation of one of its library branches.

Business-type activities also show an increase in capital assets by \$536,000 largely as a result of continuing construction of a new terminal building at the County operated Airport. The project is expected to cost approximately \$2.2 million and, as of June 30, 2010, about \$1.0 million had been expended. The County has also begun capitalizing its investment in closing its current landfill – the current site must be out of operation in December of 1012.

Table 3-Capital Assets

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Land	\$ 1,576,307	\$ 1,512,857	\$ 624,303	\$ 624,303	\$ 2,200,610	\$ 2,137,160
Building & Improvements	62,844,690	66,219,152	7,876,113	5,593,600	70,720,803	71,812,752
Machinery and equipment	3,329,569	4,199,675	233,672	52,243	3,563,241	4,251,918
Construction in progress	33,407,992	8,149,623	1,139,282	3,067,349	34,547,274	11,216,972
	<u>\$ 101,158,558</u>	<u>\$ 80,081,307</u>	<u>\$ 9,873,370</u>	<u>\$ 9,337,495</u>	<u>\$ 111,031,928</u>	<u>\$ 89,418,802</u>

Additional information regarding the County of Orange, Virginia capital assets is located in Note 11 of the financial statements.

Debt Service

No new long term debt was issued by the County during the fiscal year ended June 30, 2010. Regularly scheduled debt service payments reduced the County's outstanding long term debt balance by \$4.3 million to approximately \$104 million. In June, the County's financial advisors conducted a debt analysis that indicated the County's outstanding debt balances were very much in line with peer localities and accepted benchmarks. The study also indicated that the County's ratio of debt service costs to operating expenditures was higher than the norm and might be a limiting factor in future debt financing plans.

Table 4-Long Term Debt

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
General Obligation Bonds-County	\$ 1,571,886	\$ 1,819,050	\$ -	\$ -	\$ 1,571,886	\$ 1,819,050
General Obligation Bonds-Schools	71,637,217	74,535,056	-	-	71,637,217	74,535,056
Capital Lease Obligations	1,658,024	2,136,850	-	-	1,658,024	2,136,850
Lease Revenue Bonds	29,195,469	29,836,524	-	-	29,195,469	29,836,524
	<u>\$ 104,062,596</u>	<u>\$ 108,327,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,062,596</u>	<u>\$ 108,327,480</u>

Specific information regarding the County of Orange, Virginia long-term debt issues is located in Note 6 of the financial statements.

Future Economic Factors

Growth in the County's real estate tax base as a result of new housing units has fallen dramatically in the last few years. From the peak year of 2005, when the County issued 653 building permits for new single-family dwelling units, the numbers have fallen to only 61 issued in all of 2009. The drop-off in residential construction is also reflected in a decline in commercial building activity.

At the same time, proceeds from sales and other local tax revenues have fallen by 11.3% since Fiscal Year 2007-08 due to the overall weakness in the economy. That same weakness has had a profound effect on the Commonwealth of Virginia's budget and that has led to cutbacks in state support to localities as well. Excluding special purpose grants, the County's intergovernmental revenue from the Commonwealth is expected to be 10% less in Fiscal Year 2010-11 than Fiscal Year 2007-08. There is no reason to foresee a speedy turnaround in either area.

The County has been aggressive in reducing its expenditures to stay in line with the recent economic decline, but there are still issues of genuine concern to be addressed. Debt service costs will jump dramatically next year for recently issued bonded debt. Continuing reductions in state support to schools are putting pressure on localities to pick up more of the financial load to maintain a quality public education system. Finally, the repeated deferral of capital investment in new equipment, technology, and infrastructure to save money will begin to put a strain on the County's ability to maintain its service capacity. Orange County is in good financial health, but many challenges remain in order for the County to retain that favorable position.

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of Orange County finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Director of Finance, County of Orange, Post Office Box 111, Orange, Virginia, 22960.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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**Statement of Net Assets
As of June 30, 2010**

	Primary Government			Component	Component
	Governmental Activities	Business-type Activities	Total	Unit School Board	Unit EDA
ASSETS					
Cash and cash equivalents	\$ 19,919,437	\$ 5,130,490	\$ 25,049,927	\$ 4,197,733	\$ 1,197,311
Receivables (net of allowance for uncollectibles):					
Taxes receivable	2,075,124	-	2,075,124	-	-
Accounts receivable	187,336	83,613	270,949	41,937	-
Due from other governmental units	1,233,756	298,551	1,532,307	1,582,595	-
Inventories	-	23,331	23,331	-	-
Prepaid expenses	110,038	-	110,038	-	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	12,374,655	-	12,374,655	-	-
Other assets:					
Unamortized bond issue costs	727,441	-	727,441	-	-
Capital assets (net of accumulated depreciation):					
Land	1,576,307	624,303	2,200,610	737,700	129,172
Buildings and system	62,844,690	7,876,113	70,720,803	20,006,990	-
Furniture, equipment, and vehicles	3,329,569	233,672	3,563,241	3,782,294	-
Construction in progress	33,407,992	1,139,282	34,547,274	233,553	-
Total assets	\$ 137,786,345	\$ 15,409,355	\$ 153,195,700	\$ 30,582,802	\$ 1,326,483
LIABILITIES					
Reconciled overdraft	\$ -	\$ -	\$ -	\$ 19,723	\$ -
Accounts payable	3,282,116	458,912	3,741,028	1,197,330	582
Accrued liabilities	-	-	-	3,787,394	-
Accrued interest payable	2,154,068	-	2,154,068	-	-
Due to component unit	-	-	-	-	-
Unearned revenue	276,921	-	276,921	-	-
Long-term liabilities:					
Due within one year	6,424,181	22,136	6,446,317	281,927	-
Due in more than one year	98,849,252	2,712,319	101,561,571	979,098	-
Total liabilities	\$ 110,986,538	\$ 3,193,367	\$ 114,179,905	\$ 6,265,472	\$ 582
NET ASSETS					
Invested in capital assets, net of related debt	\$ 6,973,273	\$ 9,873,370	\$ 16,846,643	\$ 24,760,537	\$ 129,172
Unrestricted (deficit)	19,826,534	2,342,618	22,169,152	(443,207)	1,196,729
Total net assets	\$ 26,799,807	\$ 12,215,988	\$ 39,015,795	\$ 24,317,330	\$ 1,325,901

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

COUNTY OF ORANGE, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,859,717	\$ -	\$ 261,459	\$ -
Judicial administration	1,320,372	68,202	475,100	-
Public safety	10,017,491	1,512,408	1,836,132	-
Public works	679,892	-	-	145,490
Health and welfare	5,235,344	-	3,266,410	-
Education	19,675,748	-	-	-
Parks, recreation, and cultural	1,645,909	432,304	158,647	-
Community development	1,506,794	505	37,072	480,000
Interest on long-term debt	3,749,091	-	-	-
Total government activities	<u>\$ 48,690,358</u>	<u>\$ 2,013,419</u>	<u>\$ 6,034,820</u>	<u>\$ 625,490</u>
Business-type activities:				
Airport	\$ 733,545	\$ 307,756	\$ -	\$ 531,283
Landfill	2,246,931	255,400	7,263	-
Total business-type activities	<u>\$ 2,980,476</u>	<u>\$ 563,156</u>	<u>\$ 7,263</u>	<u>\$ 531,283</u>
Total primary government	<u>\$ 51,670,834</u>	<u>\$ 2,576,575</u>	<u>\$ 6,042,083</u>	<u>\$ 1,156,773</u>
COMPONENT UNITS:				
School Board	\$ 47,377,490	\$ 1,052,791	\$ 29,174,316	\$ -
Economic Development Authority	45,666	-	-	-
Total component units	<u>\$ 47,423,156</u>	<u>\$ 1,052,791</u>	<u>\$ 29,174,316</u>	<u>\$ -</u>

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

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	Component Unit
Governmental Activities	Business-type Activities	Total	School Board	EDA
\$ (4,598,258)	\$ -	\$ (4,598,258)	\$ -	\$ -
(777,070)	-	(777,070)	-	-
(6,668,951)	-	(6,668,951)	-	-
(534,402)	-	(534,402)	-	-
(1,968,934)	-	(1,968,934)	-	-
(19,675,748)	-	(19,675,748)	-	-
(1,054,958)	-	(1,054,958)	-	-
(989,217)	-	(989,217)	-	-
(3,749,091)	-	(3,749,091)	-	-
<u>\$ (40,016,629)</u>	<u>\$ -</u>	<u>\$ (40,016,629)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 105,494	\$ 105,494	\$ -	\$ -
-	(1,984,268)	(1,984,268)	-	-
<u>\$ -</u>	<u>\$ (1,878,774)</u>	<u>\$ (1,878,774)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (40,016,629)</u>	<u>\$ (1,878,774)</u>	<u>\$ (41,895,403)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (17,150,383)	\$ -
-	-	-	-	(45,666)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,150,383)</u>	<u>\$ (45,666)</u>
\$ 31,599,974	\$ -	\$ 31,599,974	\$ -	\$ -
1,679,256	-	1,679,256	-	-
2,050,682	-	2,050,682	-	-
90,711	-	90,711	-	-
677,609	-	677,609	-	-
455,274	-	455,274	-	-
510,629	-	510,629	-	-
115,720	-	115,720	-	-
1,974,347	-	1,974,347	15,002	4,322
580,009	106,302	686,311	170,042	30
-	-	-	19,000,133	150,665
2,978,545	-	2,978,545	-	-
(3,295,789)	3,295,789	-	-	-
<u>\$ 39,416,967</u>	<u>\$ 3,402,091</u>	<u>\$ 42,819,058</u>	<u>\$ 19,185,177</u>	<u>\$ 155,017</u>
<u>\$ (599,662)</u>	<u>\$ 1,523,317</u>	<u>\$ 923,655</u>	<u>\$ 2,034,794</u>	<u>\$ 109,351</u>
<u>\$ 27,399,469</u>	<u>\$ 10,692,671</u>	<u>\$ 38,092,140</u>	<u>\$ 22,282,536</u>	<u>\$ 1,216,550</u>
<u>\$ 26,799,807</u>	<u>\$ 12,215,988</u>	<u>\$ 39,015,795</u>	<u>\$ 24,317,330</u>	<u>\$ 1,325,901</u>

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Fund Financial Statements

COUNTY OF ORANGE, VIRGINIA

Balance Sheet
 Governmental Funds
 As of June 30, 2010

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Debt Service</u>	<u>County Capital Improvements</u>
ASSETS				
Cash and cash equivalents	\$ 15,785,070	\$ 304,993	\$ 489,312	\$ 2,848,436
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,075,124	-	-	-
Accounts receivable	186,503	-	-	-
Due from other governmental units	1,103,815	129,941	-	-
Prepaid items	110,038	-	-	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 19,260,550</u>	<u>\$ 434,934</u>	<u>\$ 489,312</u>	<u>\$ 2,848,436</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 482,754	\$ -	\$ -	\$ 37,551
Deferred revenue	1,573,250	-	-	-
Total liabilities	<u>\$ 2,056,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,551</u>
Fund balances:				
Reserved for:				
School capital projects	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
General fund	5,954,893	-	-	-
Special revenue funds	-	434,934	-	-
Designated	11,249,653	-	489,312	2,810,885
Total fund balances	<u>\$ 17,204,546</u>	<u>\$ 434,934</u>	<u>\$ 489,312</u>	<u>\$ 2,810,885</u>
Total liabilities and fund balances	<u>\$ 19,260,550</u>	<u>\$ 434,934</u>	<u>\$ 489,312</u>	<u>\$ 2,848,436</u>

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

Exhibit 3

<u>School Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 431,220	\$ 60,406	\$ 19,919,437
-	-	2,075,124
-	833	187,336
-	-	1,233,756
-	-	110,038
<u>12,374,655</u>	<u>-</u>	<u>12,374,655</u>
<u>\$ 12,805,875</u>	<u>\$ 61,239</u>	<u>\$ 35,900,346</u>
\$ 2,753,531	\$ 8,280	\$ 3,282,116
-	-	1,573,250
<u>\$ 2,753,531</u>	<u>\$ 8,280</u>	<u>\$ 4,855,366</u>
\$ 10,052,344	\$ -	\$ 10,052,344
-	-	5,954,893
-	52,959	487,893
-	-	14,549,850
<u>\$ 10,052,344</u>	<u>\$ 52,959</u>	<u>\$ 31,044,980</u>
<u>\$ 12,805,875</u>	<u>\$ 61,239</u>	<u>\$ 35,900,346</u>

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 31,044,980
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	101,158,558
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,296,329
Debt issuance costs, net of amortization	727,441
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(107,427,501)
Net assets of governmental activities	<u>\$ 26,799,807</u>

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

COUNTY OF ORANGE, VIRGINIA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2010

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Debt Service</u>	<u>County Capital Improvements</u>
REVENUES				
General property taxes	\$ 31,547,517	\$ -	\$ -	\$ -
Other local taxes	5,579,881	-	-	-
Permits, privilege fees, and regulatory licenses	171,857	-	-	-
Fines and forfeitures	38,798	-	-	-
Revenue from the use of money and property	1,891,696	-	-	336
Charges for services	1,795,441	-	-	-
Miscellaneous	373,325	-	-	206,684
Recovered costs	214,018	-	-	-
Intergovernmental revenues:				
Commonwealth	6,708,704	806,636	-	145,490
Federal	674,210	1,295,629	-	-
Total revenues	<u>\$ 48,995,447</u>	<u>\$ 2,102,265</u>	<u>\$ -</u>	<u>\$ 352,510</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,967,297	\$ -	\$ -	\$ -
Judicial administration	1,384,812	-	-	-
Public safety	9,155,000	-	-	-
Public works	695,733	-	-	-
Health and welfare	2,523,989	2,723,612	-	-
Education	16,566,810	-	-	177,721
Parks, recreation, and cultural	1,441,339	-	-	-
Community development	1,453,749	-	-	-
Nondepartmental	64,989	-	-	-
Capital projects	-	-	-	1,806,400
Debt service:				
Principal retirement	-	-	4,053,986	-
Interest and other fiscal charges	-	-	3,994,632	-
Total expenditures	<u>\$ 36,253,718</u>	<u>\$ 2,723,612</u>	<u>\$ 8,048,618</u>	<u>\$ 1,984,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,741,729</u>	<u>\$ (621,347)</u>	<u>\$ (8,048,618)</u>	<u>\$ (1,631,611)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 695,325	\$ 7,328,733	\$ 706,088
Transfers out	<u>(11,669,972)</u>	<u>-</u>	<u>-</u>	<u>(355,963)</u>
Total other financing sources (uses)	<u>\$ (11,669,972)</u>	<u>\$ 695,325</u>	<u>\$ 7,328,733</u>	<u>\$ 350,125</u>
Net change in fund balances	\$ 1,071,757	\$ 73,978	\$ (719,885)	\$ (1,281,486)
Fund balances - beginning, as adjusted	16,132,789	360,956	1,209,197	4,092,371
Fund balances - ending	<u>\$ 17,204,546</u>	<u>\$ 434,934</u>	<u>\$ 489,312</u>	<u>\$ 2,810,885</u>

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

Exhibit 5

<u>School Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 31,547,517
-	-	5,579,881
-	-	171,857
-	-	38,798
81,566	749	1,974,347
-	7,323	1,802,764
-	-	580,009
-	-	214,018
-	8,186	7,669,016
-	-	1,969,839
<u>\$ 81,566</u>	<u>\$ 16,258</u>	<u>\$ 51,548,046</u>
\$ -	\$ -	\$ 2,967,297
-	1,456	1,386,268
-	1,532	9,156,532
-	-	695,733
-	-	5,247,601
118,914	-	16,863,445
-	-	1,441,339
-	-	1,453,749
-	-	64,989
24,185,275	-	25,991,675
-	-	4,053,986
-	-	3,994,632
<u>\$ 24,304,189</u>	<u>\$ 2,988</u>	<u>\$ 73,317,246</u>
<u>\$ (24,222,623)</u>	<u>\$ 13,270</u>	<u>\$ (21,769,200)</u>
\$ 355,963	\$ -	\$ 9,086,109
<u>(355,963)</u>	<u>-</u>	<u>(12,381,898)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,295,789)</u>
\$ (24,222,623)	\$ 13,270	\$ (25,064,989)
34,274,967	39,689	56,109,969
<u>\$ 10,052,344</u>	<u>\$ 52,959</u>	<u>\$ 31,044,980</u>

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2010**

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

Net change in fund balances - total governmental funds \$ (25,064,989)

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. 21,077,251

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 52,457

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 4,241,317

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. (905,698)

Change in net assets of governmental activities \$ (599,662)

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

**Statement of Net Assets
Proprietary Funds
As of June 30, 2010**

	Business-Type Activities		Total
	Enterprise Funds		
	Airport Fund	Landfill Fund	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 620,447	\$ 4,510,043	\$ 5,130,490
Due from other governmental units	298,551	-	298,551
Receivables, net	-	83,613	83,613
Inventory	23,331	-	23,331
Total current assets	<u>\$ 942,329</u>	<u>\$ 4,593,656</u>	<u>\$ 5,535,985</u>
Noncurrent assets			
Capital assets			
Land	\$ 596,198	\$ 28,105	\$ 624,303
Construction in progress	931,393	207,889	1,139,282
Other capital assets, net of accumulated depreciation	8,060,342	49,443	8,109,785
Total noncurrent assets	<u>\$ 9,587,933</u>	<u>\$ 285,437</u>	<u>\$ 9,873,370</u>
Total assets	<u>\$ 10,530,262</u>	<u>\$ 4,879,093</u>	<u>\$ 15,409,355</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$ 272,145	\$ 186,767	\$ 458,912
Current portion of long-term obligations	843	21,293	22,136
Total current liabilities	<u>\$ 272,988</u>	<u>\$ 208,060</u>	<u>\$ 481,048</u>
Noncurrent assets			
Noncurrent portion of long-term obligations	<u>\$ 281</u>	<u>\$ 2,712,038</u>	<u>\$ 2,712,319</u>
Total liabilities	<u>\$ 273,269</u>	<u>\$ 2,920,098</u>	<u>\$ 3,193,367</u>
NET ASSETS			
Invested in capital assets	\$ 9,587,933	\$ 285,437	\$ 9,873,370
Unrestricted	669,060	1,673,558	2,342,618
Total net assets	<u>\$ 10,256,993</u>	<u>\$ 1,958,995</u>	<u>\$ 12,215,988</u>

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

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2010**

	Business-Type Activities		
	Enterprise Funds		
	<u>Airport Fund</u>	<u>Landfill Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services, net	\$ 307,756	\$ 255,400	\$ 563,156
Miscellaneous	30	106,272	106,302
Total operating revenues	<u>\$ 307,786</u>	<u>\$ 361,672</u>	<u>\$ 669,458</u>
OPERATING EXPENSES			
Personal services	\$ 71,437	\$ 595,127	\$ 666,564
Fringe benefits	25,344	128,107	153,451
Contractual services	86,923	888,435	975,358
Other charges	240,479	620,239	860,718
Depreciation	309,362	15,023	324,385
Total operating expenses	<u>\$ 733,545</u>	<u>\$ 2,246,931</u>	<u>\$ 2,980,476</u>
Operating income (loss)	<u>\$ (425,759)</u>	<u>\$ (1,885,259)</u>	<u>\$ (2,311,018)</u>
NONOPERATING REVENUES (EXPENSES)			
Commonwealth grants	\$ -	\$ 7,263	\$ 7,263
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>\$ 7,263</u>	<u>\$ 7,263</u>
Income (loss) before contributions and transfers	<u>\$ (425,759)</u>	<u>\$ (1,877,996)</u>	<u>\$ (2,303,755)</u>
CAPITAL CONTRIBUTIONS AND CONSTRUCTION GRANTS			
	<u>\$ 531,283</u>	<u>\$ -</u>	<u>\$ 531,283</u>
TRANSFERS IN			
	<u>\$ 524,462</u>	<u>\$ 2,771,327</u>	<u>\$ 3,295,789</u>
Change in net assets	\$ 629,986	\$ 893,331	\$ 1,523,317
Total net assets, beginning of year	9,627,007	1,065,664	10,692,671
Total net assets, end of year	<u><u>\$ 10,256,993</u></u>	<u><u>\$ 1,958,995</u></u>	<u><u>\$ 12,215,988</u></u>

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

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2010**

	Business-Type Activities		
	Enterprise Funds		
	Airport Fund	Landfill Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 307,786	\$ 333,356	\$ 641,142
Payments to and for employees	(97,909)	(694,844)	(792,753)
Payments to suppliers	(230,853)	(1,259,420)	(1,490,273)
Net cash provided by (used in) operating activities	<u>\$ (20,976)</u>	<u>\$ (1,620,908)</u>	<u>\$ (1,641,884)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State and federal grant funding	\$ -	\$ 7,263	\$ 7,263
Transfers	524,462	2,771,327	3,295,789
Net cash provided by (used in) noncapital financing activities	<u>524,462</u>	<u>2,778,590</u>	<u>3,303,052</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	\$ (616,477)	\$ (207,888)	\$ (824,365)
Capital contributions and construction grants	477,708	-	477,708
Net cash provided by (used in) capital and related financing activities	<u>\$ (138,769)</u>	<u>\$ (207,888)</u>	<u>\$ (346,657)</u>
Net increase (decrease) in cash and cash equivalents	\$ 364,717	\$ 949,794	\$ 1,314,511
Cash and cash equivalents, beginning of year	255,730	3,560,249	3,815,979
Cash and cash equivalents, end of year	<u>\$ 620,447</u>	<u>\$ 4,510,043</u>	<u>\$ 5,130,490</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ (425,759)	\$ (1,885,259)	\$ (2,311,018)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	309,362	15,023	324,385
Change in accounts receivable	-	(28,316)	(28,316)
Change in prepaid expenses	88	-	88
Change in accounts payable	87,909	41,175	129,084
Change in landfill remediation costs	-	208,079	208,079
Change in inventory	8,552	-	8,552
Change in compensated absences	(1,128)	28,390	27,262
Net cash provided by (used in) operating activities	<u>\$ (20,976)</u>	<u>\$ (1,620,908)</u>	<u>\$ (1,641,884)</u>

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

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

	<u>Talley Memorial Private-Purpose Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 15,000	\$ 336,906
Total assets	<u>\$ 15,000</u>	<u>\$ 336,906</u>
LIABILITIES		
Amounts held for social services clients	\$ -	\$ 30,832
Amounts held for Rapidan Hills Limited Partnership	-	7,713
Amounts held for others	-	298,361
Total liabilities	<u>\$ -</u>	<u>\$ 336,906</u>
NET ASSETS		
Restricted - Held in trust for library needs	<u>\$ 15,000</u>	<u>\$ -</u>

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

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010

	<u>Talley Memorial Private-Purpose Trust</u>
ADDITIONS	
Investment earnings:	
Interest	\$ -
Total additions	<u>\$ -</u>
DEDUCTIONS	
Contribution to Locust Grove Elementary Library	\$ -
Total deductions	<u>\$ -</u>
Change in net assets	-
Net assets - beginning	\$ 15,000
Net assets - ending	<u><u>\$ 15,000</u></u>

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

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COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010

Note 1—Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Reporting Entity

The County of Orange, Virginia (government) is a municipal corporation governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Units – The County has no blended component units for the year ended June 30, 2010.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Orange County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The Orange County School Board does not prepare separate financial statements.

The Orange County Economic Development Authority is included as a component unit; because the Authority's primary use of funds is to provide for economic development of the County, thereby benefiting the County even though it does not provide services directly to the County. The County appoints all members of the Authority's Board of Directors. The County may significantly influence the fiscal affairs of the Authority and, accordingly, is included in the County's financial statements. The Orange County Economic Development Authority does not prepare separate financial statements.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Orange County Airport Commission.

Jointly Governed Organizations – The County, in conjunction with other localities, has created the Central Virginia Regional Jail, the Rappahannock-Rapidan Planning District Commission and the Rappahannock-Rapidan Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions.

COUNTY OF ORANGE, VIRGINIA

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

Note 1—Summary of Significant Accounting Policies: (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

COUNTY OF ORANGE, VIRGINIA

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

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations of the County which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.

The *special revenue funds* account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The major special revenue fund is the Virginia Public Assistance Fund, which accounts for the operation of various programs under the Orange County Department of Social Services.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Major capital projects funds consist of the following funds:

The *county capital improvements fund* accounts for the renovation and improvements made to County buildings. Financing is provided by debt issuance and general fund revenues.

The *school capital projects fund* accounts for renovations, construction, and improvements made to school facilities. Financing is provided by debt issuance.

The government reports the following major proprietary funds:

The *airport fund* is an enterprise fund used to account for the activities of the Orange County Airport. The cost of airport services is primarily financed through user charges.

The *landfill fund* is an enterprise fund used to account for waste disposal operations of the County's landfill. The cost of waste disposal services is primarily financed through user charges to the County, residents and commercial customers.

Enterprise Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

COUNTY OF ORANGE, VIRGINIA

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

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)

Additionally, the government reports the following fund types:

The *nonmajor special revenue* funds account for proceeds of specific revenue sources restricted for expenditures for specified purposes. The government reports the Asset Forfeiture Fund and Law Library Fund as nonmajor special revenue funds.

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare, Rapidan Hills Limited Partnership, Commonwealth, and Bond Escrow Agency funds. The Talley Memorial private purpose trust fund is used to account for resources legally held in trust for use by the library at Locust Grove Elementary School to purchase items for student use. All resources of the fund may be used to help support the library.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. *Deposits and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the government, as well as for its component units are reported at fair value. The State Treasurer's Local Government Investment Pool and the State Non-Arbitrage Pool operate in accordance with appropriate state laws and regulations. The reported value of the pools are the same as the fair value of the pool shares.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

COUNTY OF ORANGE, VIRGINIA

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

Note 1–Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities, and Net Assets or Equity: (Continued)

2. *Receivables and Payables: (Continued)*

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. *Inventory*

Inventory is valued using the *first in, first out* method. Inventories in the Airport Fun consist of fuel. At June 30, 2010, the value of fuel on hand was \$23,331. Inventories in the General Fund and the Discretely Presented Component Unit - School Board consist of expendable supplies held for consumption and are accounted for under the purchase method. Cost is recorded as an expense at the time the individual inventory items are purchased. Quantities on hand at year-end are considered immaterial and have not been recorded.

4. *Property Taxes*

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. *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 \$289,840 at June 30, 2010 and is comprised solely of property taxes. This allowance represents 9.18% of the total levies for the previous six years.

6. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. *Restricted Assets*

Unspent proceeds of the County's general obligation bond anticipation notes and general obligation bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

COUNTY OF ORANGE, VIRGINIA

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

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities, and Net Assets or Equity: (Continued)

9. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Capital assets are defined by the School Board as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. \$1,231,248 of interest was capitalized during the year.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	50
Furniture, equipment, and vehicles	5-10

10. *Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the Statement of Net Assets. Compensated absences are reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences.

11. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

COUNTY OF ORANGE, VIRGINIA

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

Note 1–Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities, and Net Assets or Equity: (Continued)

11. Long-term Obligations: (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

13. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

Note 2–Reconciliation of Government-Wide and Fund Financial Statements:

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$107,427,501 and \$1,261,025 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Bonds payable	\$ 102,404,572	\$ -
Accrued interest payable	2,154,068	-
Capital leases payable	1,658,024	-
Other post employment benefits liability	317,011	885,123
Compensated absences	893,826	375,902
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 107,427,501</u>	<u>\$ 1,261,025</u>

COUNTY OF ORANGE, VIRGINIA

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

Note 2—Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that 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. The details of these \$21,077,251 and \$2,701,436 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Capital outlay	\$ 26,579,904	\$ 2,217,267
Depreciation expense	(3,360,540)	(1,657,944)
Allocation of debt financed school assets based on current year repayments and drawdowns of bond proceeds	<u>(2,142,113)</u>	<u>2,142,113</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 21,077,251</u>	<u>\$ 2,701,436</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$4,241,317 difference in the primary government is as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Principal repayments:		
General obligation debt	\$ 2,875,160	\$ -
Lease revenue bonds	700,000	-
Capital lease	478,826	-
Amortization of bond discount	(31,425)	-
Amortization of deferred amount on refunding	(27,520)	-
Amortization of bond issuance costs	(23,567)	-
Amortization of bond premium	<u>269,843</u>	<u>-</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 4,241,317</u>	<u>\$ -</u>

COUNTY OF ORANGE, VIRGINIA

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

Note 2—Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities: (Continued)

Another element of that reconciliation states that “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.” The details of these (\$905,698) and (\$423,018) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Compensated absences	\$ (23,627)	\$ 1,830
Other post employment benefits	(157,239)	(424,848)
Accrued interest	<u>(724,832)</u>	<u>-</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (905,698)</u>	<u>\$ (423,018)</u>

Note 3—Stewardship, Compliance, and Accountability:

A. Budgetary Information

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 and capital budget includes proposed expenditures and the means of financing them. The following Funds have legally adopted budgets: General Fund, Virginia Public Assistance Fund, Debt Service Fund, County Capital Improvements Fund, Law Library Fund, Forfeited Assets Fund, School Capital Projects Fund, Airport Fund, Landfill Fund, School Operating Fund, School Textbook Adoption Fund, School Adult Education Fund, School Cafeteria Funds, Employee Childcare Fund, and Head Start Fund.
2. Public hearings are conducted to obtain citizen comments.
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 department or category level. The appropriation for each department can be revised by the Board of Supervisors only.

COUNTY OF ORANGE, VIRGINIA

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

Note 3—Stewardship, Compliance, and Accountability:

A. Budgetary Information: (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), General Capital Projects Funds, Debt Service Fund, and School Capital Projects Fund. The School Funds are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during this fiscal year.
8. Budgetary data presented in the accompanying financial statements includes the original adopted budget and the revised budget as of June 30.

Note 4—Due From Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	<u>Primary Government</u>	<u>Component Unit - School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 737,414
Local sales taxes	342,517	-
Communication taxes	253,007	-
Public assistance and welfare administration	53,410	-
Comprehensive youth service	307,667	-
Aviation Grant	256,902	-
Sheriff	97,023	-
Commonwealth's Attorney	18,878	-
Clerk of Circuit Court	22,197	-
Treasurer	10,661	-
Commissioner of Revenue	9,614	-
Other	24,236	-
Federal Government:		
School funds	-	845,181
Aviation Grant	41,649	-
SAFER Grant	18,015	-
Public assistance	76,531	-
Total	\$ <u>1,532,307</u>	\$ <u>1,582,595</u>

COUNTY OF ORANGE, VIRGINIA

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

Note 5—Interfund Transfers:

Interfund transfers for the year ended June 30, 2010, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ -	\$ 11,669,972
Virginia Public Assistance Fund	695,325	-
Debt Service Fund	7,328,733	-
County Capital Projects Fund	706,088	355,963
School Capital Projects Fund	355,963	355,963
Proprietary Funds:		
Airport Fund	524,462	-
Landfill Fund	2,771,327	-
Total	<u>\$ 12,381,898</u>	<u>\$ 12,381,898</u>
Component Unit School Board:		
School Operating Fund	\$ -	\$ 13,943
Adult Education Fund	7,834	-
Employee Child Care Fund	6,109	-
Total	<u>\$ 13,943</u>	<u>\$ 13,943</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF ORANGE, VIRGINIA

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

Note 6—Long-Term Debt:

Primary Government- Indebtedness:

Governmental Activities:

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

Year Ending June 30,	General Obligation Bonds		Lease Revenue and Refunding Bond	
	Principal	Interest	Principal	Interest
2011	\$ 4,774,628	\$ 3,291,137	\$ 679,130	\$ 1,370,906
2012	4,656,169	3,072,643	715,161	1,340,094
2013	4,682,585	2,871,227	746,242	1,307,794
2014	4,621,069	2,666,900	782,365	1,274,219
2015	4,470,367	2,463,986	813,538	1,239,156
2016	4,537,143	2,259,014	854,826	1,200,681
2017	4,593,398	2,045,169	901,323	1,155,931
2018	4,674,957	1,827,025	947,896	1,108,931
2019	4,631,443	1,601,768	994,296	1,067,069
2020	4,719,453	1,381,268	1,035,761	1,023,294
2021	4,807,773	1,155,621	1,092,327	976,481
2022	4,720,007	921,491	1,144,115	923,044
2023	2,762,661	739,372	1,200,983	867,231
2024	2,623,958	611,412	1,252,886	810,344
2025	2,609,568	486,167	1,314,867	751,144
2026	2,596,792	368,312	1,381,941	689,169
2027	1,832,948	268,465	1,449,115	624,188
2028	1,818,404	183,911	1,521,390	556,200
2029	1,544,556	105,988	1,593,709	486,900
2030	1,531,224	33,741	1,671,133	414,450
2031	-	-	1,748,670	338,625
2032	-	-	1,831,320	259,425
2033	-	-	1,914,090	176,625
2034	-	-	2,001,980	90,225
Total	\$ <u>73,209,103</u>	\$ <u>28,354,617</u>	\$ <u>29,589,064</u>	\$ <u>20,052,126</u>

Years Ending June 30,	Capital Lease Obligations	
	Principal	Interest
2011	\$ 326,976	\$ 62,002
2012	280,148	49,766
2013	160,157	37,517
2014	165,875	31,800
2015	171,797	25,878
2016	177,930	19,745
2017	184,282	13,393
2018	190,859	6,814
Total	\$ <u>1,658,024</u>	\$ <u>246,915</u>

COUNTY OF ORANGE, VIRGINIA

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

Note 6—Long-Term Debt: (Continued)

Primary Government- Indebtedness: (Continued)

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

	Amounts Payable July 1, 2009	Increases	Decreases	Amounts Payable June 30, 2010	Amounts Due Within One Year
Primary Government:					
Governmental activities:					
Lease revenue and refunding bonds payable	\$ 30,960,000	-	\$ 700,000	\$ 30,260,000	\$ 725,000
Discount on lease revenue and refunding bonds	(702,361)	-	(31,425)	(670,936)	(45,870)
Deferred amount on refunding bonds	(421,115)	-	(27,520)	(393,595)	(26,923)
Total lease revenue and refunding bonds	<u>\$ 29,836,524</u>	<u>\$ -</u>	<u>\$ 641,055</u>	<u>\$ 29,195,469</u>	<u>\$ 652,207</u>
General obligation bonds	\$ 72,707,236	-	\$ 2,875,160	\$ 69,832,076	\$ 4,434,744
Premium on general obligation bonds	3,646,870	-	269,843	3,377,027	339,884
Total general obligation bonds	<u>\$ 76,354,106</u>	<u>\$ -</u>	<u>\$ 3,145,003</u>	<u>\$ 73,209,103</u>	<u>\$ 4,774,628</u>
Capital leases	2,136,850	-	478,826	1,658,024	326,976
Other post employment benefits	159,772	179,439	22,200	317,011	-
Compensated absences	870,199	676,276	652,649	893,826	670,370
Total governmental activities	<u>\$ 109,357,451</u>	<u>\$ 855,715</u>	<u>\$ 4,939,733</u>	<u>\$ 105,273,433</u>	<u>\$ 6,424,181</u>

Reconciliation with Exhibit 1:

Long-term liabilities due within one year	\$ 6,424,181
Long-term liabilities due in more than one year	<u>98,849,252</u>
Total long-term debt	<u>\$ 105,273,433</u>

	Amounts Payable July 1, 2009	Increases	Decreases	Amounts Payable June 30, 2010	Amounts Due Within One Year
Business-type activities:					
Compensated absences	\$ 2,252	\$ 29,514	\$ 2,252	\$ 29,514	\$ 22,136
Landfill closure/post-closure liability	2,496,862	208,079	-	2,704,941	-
Total business-type activities	<u>\$ 2,499,114</u>	<u>\$ 237,593</u>	<u>\$ 2,252</u>	<u>\$ 2,734,455</u>	<u>\$ 22,136</u>

Reconciliation with Exhibit 1:

Long-term liabilities due within one year	\$ 22,136
Long-term liabilities due in more than one year	<u>2,712,319</u>
Total long-term debt	<u>\$ 2,734,455</u>

COUNTY OF ORANGE, VIRGINIA

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

Note 6—Long-Term Debt: (Continued)

Primary Government-Indebtedness: (Continued)

Details of Long-Term Indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Governmental:		
<u>General obligation bonds:</u>		
County Bonds:		
\$1,279,119 issued December 7, 2005, due in annual installments ranging from \$86,022 to \$129,841, with interest due semi-annually at 3.87% through July 15, 2017. This bond refunded \$1,300,000 from 2002. The purpose of the bond was to construct water improvements at the industrial park.	\$ 914,886	\$ 99,974
\$1,528,900 issued May 29, 2003, due in annual installments ranging from \$17,400 to \$170,800 due July 15, 2003 through July 15, 2013, interest at 2.82%. This bond refunded \$2,380,000 in bonds from 1993. The purpose of the bond was to construct, equip and maintain a new industrial park and library.	657,000	157,600
School Bonds:		
\$530,000 issued May 18, 1995 due in annual installments ranging from \$25,000 to \$30,000 due July 15, 1996 through July 15, 2015, interest rate from 5.4% to 5.975%. The purpose of the bond was to construct additional classrooms at Locust Grove Elementary School.	150,000	25,000
\$925,000 issued May 5, 1994 due in annual installments ranging from \$40,000 to \$50,000 due July 15, 1994 through July 15, 2013, interest rates from 6.1% to 6.3%. The purpose of the bond was to fund construction of a project at Lightfoot Elementary School and to renovate Prospect Heights Middle School.	190,000	45,000
\$4,450,000 issued May 1, 1993 due in annual installments ranging from \$140,000 to \$400,000 due December 15, 1993 through December 15, 2013 interest rates from 5.1% to 5.5%. The purpose of the bond was to fund construction of additions to the Orange County High School and Locust Grove Elementary School.	485,000	180,000
\$2,010,000 issued August 30, 1990 due in annual installments ranging from \$75,000 to \$120,000 due August 30, 1991 through August 30, 2011 interest rates from 6.4% to 7.1%. The purpose of the bond was to construct and equip Locust Grove Elementary School.	120,000	120,000

COUNTY OF ORANGE, VIRGINIA

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

Note 6—Long-Term Debt: (Continued)

Primary Government-Indebtedness: (Continued)

Details of Long-Term Indebtedness: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Governmental: (continued)		
<u>General obligation bonds: (continued)</u>		
School Bonds: (continued)		
\$2,830,000 issued November 16, 2000, due in annual installments ranging from \$110,000 to \$175,000 due July 15, 2001 through July 15, 2020, interest rates from 4.975% to 5.85%. The purpose of the bond was to construct and renovate Locust Grove Elementary, Orange County High, Orange Elementary, Lightfoot Elementary, Prospect Heights Middle, Gordon-Barbour Elementary, and Unionville Elementary Schools and the School Board office.	\$ 1,575,000	\$ 160,000
\$25,000,000 issued May 25, 2001, due in annual installments ranging from \$725,000 to \$1,955,000 due July 15, 2002 through July 15, 2021, interest rates from 4.1% to 5.6%. The purpose of the bond was to construct and renovate Locust Grove Elementary, Orange County High and Prospect Heights Middle schools.	18,000,000	1,110,000
\$1,615,000 issued November 7, 2002, due in annual installments ranging from \$50,000 to \$125,000 due July 15, 2003 through July 15, 2023, interest rates from 2.35% to 5.10%. The purpose of this bond was to finance construction, renovation and equipping of school projects for Unionville Elementary School, Prospect Heights Middle School, Lightfoot Elementary School and Orange Elementary School.	1,205,000	70,000
\$13,935,316 issued November 10, 2005 at a premium totaling \$773,146 due in annual installments ranging from \$647,840 to \$747,800, interest due semi-annually at rates from 2.30% to 3.59% through July 15, 2025. This bond refunded two \$7,500,000 bonds issued from 2002 and 2003. These bonds were for the purpose of financing projects at Locust Grove Elementary and Orange County High schools.	11,295,190	672,170

COUNTY OF ORANGE, VIRGINIA

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

Note 6—Long-Term Debt: (Continued)

Primary Government-Indebtedness: (Continued)

Details of Long-Term Indebtedness: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Governmental: (continued)		
<u>General obligation bonds: (continued)</u>		
School Bonds: (continued)		
\$5,220,000 issued November 8, 2007 at a premium totaling \$280,267 due in annual installments ranging from \$260,000 to \$265,000, interest due semi-annually at rates from 4.35% to 5.10% through July 15, 2027. The purpose of the bond was to finance the construction of the Middle School in the eastern end of the County.	\$ 4,690,000	\$ 265,000
\$30,550,000 issued May 7, 2009 at a premium totaling \$2,847,298 due in annual installments ranging from \$1,525,000 to \$1,530,000, interest due semi-annually at rates from 4.05% to 5.05% through July 15, 2029. The purpose of the bond was to finance the construction of the Middle School in the eastern end of the County.	30,550,000	1,530,000
Premium on series 2005 bonds	489,316	58,444
Premium on series 2007 bonds	222,568	24,149
Premium on series 2009 bonds	<u>2,665,143</u>	<u>257,291</u>
Total general obligation bonds	<u>\$ 73,209,103</u>	<u>\$ 4,774,628</u>
Capital Lease Obligations:		
\$2,060,157 for lease purchase of Sedwick Building issued October 1, 1995, due in 180 monthly installments of \$19,688 beginning November 1, 1995 through October 1, 2010 at an imputed interest rate of 8%	\$ 58,544	\$ 58,544
\$591,177 for lease purchase of four ambulances issued May 27, 2007, due in annual installments of \$132,239 beginning July 15, 1997 through July 15, 2011 including interest at 5.482%	244,636	119,125
\$1,644,968 for lease purchase of a Pierce Truck issued March 14, 2008, due in annual installments varying from \$144,160 to \$190,861 beginning August 1, 2008 through February 1, 2018, interest due semiannually at a rate of 3.57%	<u>1,354,844</u>	<u>149,307</u>
Total capital lease obligations	<u>\$ 1,658,024</u>	<u>\$ 326,976</u>

COUNTY OF ORANGE, VIRGINIA

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

Note 6—Long-Term Debt: (Continued)

Primary Government-Indebtedness: (Continued)

Details of Long-Term Indebtedness: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Governmental: (continued)		
<u>Lease Revenue and Refunding Bonds:</u>		
\$31,235,000 Series 2007, issued September 6, 2007 at a discount totaling \$724,544, due in annual installments varying from \$70,000 to \$2,005,000 beginning February 1, 2008 through February 1, 2034, with semi-annual interest payments beginning February 1, 2008 at annual interest rates from 4.25% to 5.00%. The purpose of the bond was to defease and advance refund the lease revenue bonds, series 2002 and to finance the Nursing Home project.	\$ 30,260,000	\$ 725,000
Discount on series 2007 bonds	(670,936)	(45,870)
Deferred amount on refunding	<u>(393,595)</u>	<u>(26,923)</u>
Total lease revenue and advance refunding bonds	<u>\$ 29,195,469</u>	<u>\$ 652,207</u>
Other post employment benefits	<u>\$ 317,011</u>	<u>\$ -</u>
Compensated absences (Payable from the General Fund)	<u>\$ 893,826</u>	<u>\$ 670,370</u>
Total governmental long-term obligations	<u><u>\$ 105,273,433</u></u>	<u><u>\$ 6,424,181</u></u>
Business-type:		
Compensated absences (Payable from the Airport and Landfill Funds)	\$ 29,514	\$ 22,136
Accrued landfill closure and post-closure monitoring costs	<u>2,704,941</u>	<u>-</u>
Total business-type long-term obligations	<u><u>\$ 2,734,455</u></u>	<u><u>\$ 22,136</u></u>

COUNTY OF ORANGE, VIRGINIA

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

Note 6—Long-Term Debt: (Continued)

Discretely Presented Component Unit-School Board Indebtedness:

	<u>Amounts Payable July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 377,732	\$ 281,469	\$ 283,299	\$ 375,902	\$ 281,927
Other post employment benefits	<u>460,275</u>	<u>648,948</u>	<u>224,100</u>	<u>885,123</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 838,007</u>	<u>\$ 930,417</u>	<u>\$ 507,399</u>	<u>\$ 1,261,025</u>	<u>\$ 281,927</u>
Reconciliation with Exhibit 1:					
Long-term liabilities due within one year				\$ 281,927	
Long-term liabilities due in more than one year				<u>979,098</u>	
Total long-term debt				<u>\$ 1,261,025</u>	

Details of Long-Term Indebtedness:

Compensated absences (Payable from the School Fund)	\$ 375,902
Other post employment benefits	<u>885,123</u>
Total long-term debt	<u>\$ 1,261,025</u>

Note 7—Leases:

Capital Leases

The government has entered into a lease agreement as lessee for financing the acquisition of the Sedwick office building, as well as leases to finance the acquisition of ambulances and fire trucks. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	<u>Governmental Activities</u>
Building and building improvements	\$ 2,001,200
Vehicles	2,236,145
Less: Accumulated Depreciation	<u>(1,731,277)</u>
Total	<u>\$ 2,506,068</u>

COUNTY OF ORANGE, VIRGINIA

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

Note 7—Leases: (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2011	\$ 388,978
2012	329,914
2013	197,674
2014	197,675
2015	197,675
2016	197,675
2017	197,675
2018	<u>197,673</u>
Total minimum lease payments	\$ 1,904,939
Less: Amount representing interest	<u>(246,915)</u>
Present value of minimum lease payments	<u>\$ 1,658,024</u>

Note 8—Defined Benefit Pension Plan:

A. Plan Description

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

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

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

COUNTY OF ORANGE, VIRGINIA

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

Note 8—Defined Benefit Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School's contribution rates for the fiscal year ended 2009 were 9.56% and 5.07% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,451,562, \$2,149,150, and \$2,365,919 to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009 and 2008, respectively and these contributions represented 8.81% for July 2009 through March 2010 and 0% from April through June 2010, 8.81%, and 10.30%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2010, the County's annual pension cost of \$790,586 (does not include the employee share assumed by the County which was \$413,486) was equal to the County's required and actual contributions.

For fiscal year 2010, the County School Board's annual pension cost for the Board's non-professional employees was \$136,663 (does not include the employee share assumed by the School Board which was \$134,776) which was equal to the Board's required and actual contributions.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)¹</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2010	\$ 790,586	100%	\$ -
June 30, 2009	840,485	100%	-
June 30, 2008	800,253	100%	-
School Board Non Professional:			
June 30, 2010	\$ 136,663	100%	\$ -
June 30, 2009	143,452	100%	-
June 30, 2008	89,367	100%	-

¹Employer portion only

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

COUNTY OF ORANGE, VIRGINIA

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

Note 8—Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the County's plan was 90.02% funded. The actuarial accrued liability for benefits was \$20,814,931, and the actuarial value of assets was \$18,737,536, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,077,396. The covered payroll (annual payroll of active employees covered by the plan) was \$8,639,863, and ratio of the UAAL to the covered payroll was 24.04%.

As of June 30, 2009, the most recent actuarial valuation date, the County School Board's plan was 100.05% funded. The actuarial accrued liability for benefits was \$6,752,521, and the actuarial value of assets was \$6,756,118, resulting in an unfunded actuarial accrued liability (UAAL) of (\$3,597). The covered payroll (annual payroll of active employees covered by the plan) was \$2,774,217, and ratio of the UAAL to the covered payroll was (.13%).

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

Note 9—Deferred Revenue:

	<u>Government- wide Statements</u> <u>Governmental Activities</u>	<u>Balance Sheet</u> <u>Governmental Funds</u>
Primary Government:		
Deferred property tax revenue:		
Deferred revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 1,296,329
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	<u>276,921</u>	<u>276,921</u>
Total primary government	<u>\$ 276,921</u>	<u>\$ 1,573,250</u>

Note 10—Commitments and Contingencies:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

COUNTY OF ORANGE, VIRGINIA

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

Note 10—Commitments and Contingencies: (Continued)

On September 16, 1996, the Economic Development Authority of Orange County, Virginia (EDA) entered into a residual value guaranty agreement with Holtzbrinck Publishing Holdings Limited Partnership (the Partnership). The EDA, as guarantor, has agreed to guarantee that the residual value of the property, plant and equipment constructed by the Partnership and located at 16365 James Madison Highway will not be less than \$4,000,000 following September 16, 2008. With proper vacation notice by the Partnership, the EDA will have the option to purchase the property at the residual value or request the Partnership to offer it for sale. If the Partnership receives offers for less than \$4,000,000, the EDA has the option to reject the offer and purchase the property for \$4,000,000 or pay the difference between the net proceeds and \$4,000,000 to the Partnership. The Partnership and EDA entered into this agreement pursuant to requirements of a lending institution in order for the Partnership to borrow funds to construct the building and purchase necessary equipment for operations.

Note 11—Capital Assets:

Primary Government

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010⁽¹⁾
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,512,857	\$ 63,450	\$ -	\$ 1,576,307
Construction in progress	820,777	672,703	(830,861)	662,619
School construction in progress allocated to County	<u>7,328,846</u>	<u>25,416,527</u>	<u>-</u>	<u>32,745,373</u>
Total capital assets not being depreciated	<u>\$ 9,662,480</u>	<u>\$ 26,152,680</u>	<u>\$ (830,861)</u>	<u>\$ 34,984,299</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 37,495,920	\$ 833,702	\$ -	\$ 38,329,622
School Buildings and improvements	35,934,626	-	(2,425,120)	33,509,506
Furniture, equipment and vehicles	<u>8,545,483</u>	<u>425,038</u>	<u>(67,295)</u>	<u>8,903,226</u>
Total capital assets being depreciated	<u>\$ 81,976,029</u>	<u>\$ 1,258,740</u>	<u>\$ (2,492,415)</u>	<u>\$ 80,742,354</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (4,364,650)	\$ (1,395,861)	\$ -	\$ (5,760,511)
School Buildings and improvements	(2,846,744)	(670,190)	283,007	(3,233,927)
Furniture, equipment and vehicles	<u>(4,345,808)</u>	<u>(1,294,489)</u>	<u>66,640</u>	<u>(5,573,657)</u>
Total accumulated depreciation	<u>\$ (11,557,202)</u>	<u>\$ (3,360,540)</u>	<u>\$ 349,647</u>	<u>\$ (14,568,095)</u>
Capital assets being depreciated, net	<u>\$ 70,418,827</u>	<u>\$ (2,101,800)</u>	<u>\$ (2,142,768)</u>	<u>\$ 66,174,259</u>
Net capital assets	<u>\$ 80,081,307</u>	<u>\$ 24,050,880</u>	<u>\$ (2,973,629)</u>	<u>\$ 101,158,558</u>

COUNTY OF ORANGE, VIRGINIA

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

Note 11—Capital Assets: (Continued)

Primary Government: (Continued)

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010⁽¹⁾</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 624,303	\$ -	\$ -	\$ 624,303
Construction in progress	<u>3,067,349</u>	<u>860,260</u>	<u>(2,788,327)</u>	<u>1,139,282</u>
Total capital assets not being depreciated	<u>\$ 3,691,652</u>	<u>\$ 860,260</u>	<u>\$ (2,788,327)</u>	<u>\$ 1,763,585</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 6,204,010	\$ 2,537,565	\$ -	\$ 8,741,575
Furniture, equipment and vehicles	<u>1,493,703</u>	<u>250,762</u>	<u>(557,620)</u>	<u>1,186,845</u>
Total capital assets being depreciated	<u>\$ 7,697,713</u>	<u>\$ 2,788,327</u>	<u>\$ (557,620)</u>	<u>\$ 9,928,420</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (610,410)	\$ (255,052)	\$ -	\$ (865,462)
Furniture, equipment and vehicles	<u>(1,441,460)</u>	<u>(69,333)</u>	<u>557,620</u>	<u>(953,173)</u>
Total accumulated depreciation	<u>\$ (2,051,870)</u>	<u>\$ (324,385)</u>	<u>\$ 557,620</u>	<u>\$ (1,818,635)</u>
Capital assets being depreciated, net	<u>\$ 5,645,843</u>	<u>\$ 2,463,942</u>	<u>\$ -</u>	<u>\$ 8,109,785</u>
Net capital assets	<u>\$ 9,337,495</u>	<u>\$ 3,324,202</u>	<u>\$ (2,788,327)</u>	<u>\$ 9,873,370</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
General government administration	\$ 1,685,660	\$ -	\$ 1,685,660
Judicial administration	3,872	-	3,872
Public safety	971,484	-	971,484
Public works	4,546	-	4,546
Education	670,190	-	670,190
Parks, recreation, and cultural	12,638	-	12,638
Community development	12,150	-	12,150
Airport	-	309,362	309,362
Landfill	<u>-</u>	<u>15,023</u>	<u>15,023</u>
Total depreciation expense-primary government	<u>\$ 3,360,540</u>	<u>\$ 324,385</u>	<u>\$ 3,684,925</u>

COUNTY OF ORANGE, VIRGINIA

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

Note 11—Capital Assets: (Continued)

Discretely Presented Component Unit—School Board

Capital asset activity for the School Board for the year ended June 30, 2010 was as follows:

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010⁽¹⁾</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 737,700	\$ -	\$ -	\$ 737,700
Construction in progress	<u>-</u>	<u>233,553</u>	<u>-</u>	<u>233,553</u>
Total capital assets not being depreciated	<u>\$ 737,700</u>	<u>\$ 233,553</u>	<u>\$ -</u>	<u>\$ 971,253</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 93,689,095	\$ 288,810	\$ -	\$ 93,977,905
Allocated to County	(35,934,626)	-	2,425,120	(33,509,506)
Furniture, equipment and vehicles	<u>8,127,207</u>	<u>1,832,244</u>	<u>(841,566)</u>	<u>9,117,885</u>
Total capital assets being depreciated	<u>\$ 65,881,676</u>	<u>\$ 2,121,054</u>	<u>\$ 1,583,554</u>	<u>\$ 69,586,284</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (42,005,226)	\$ (1,690,110)	\$ -	\$ (43,695,336)
Allocated to County	2,846,744	670,190	(283,007)	3,233,927
Furniture, equipment and vehicles	<u>(5,401,793)</u>	<u>(638,024)</u>	<u>704,226</u>	<u>(5,335,591)</u>
Total accumulated depreciation	<u>\$ (44,560,275)</u>	<u>\$ (1,657,944)</u>	<u>\$ 421,219</u>	<u>\$ (45,797,000)</u>
Capital assets being depreciated, net	<u>\$ 21,321,401</u>	<u>\$ 463,110</u>	<u>\$ 2,004,773</u>	<u>\$ 23,789,284</u>
Net capital assets	<u>\$ 22,059,101</u>	<u>\$ 696,663</u>	<u>\$ 2,004,773</u>	<u>\$ 24,760,537</u>

School board depreciation expense for the year ended June 30, 2010 amounted to \$1,657,944.

⁽¹⁾ Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has 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 new 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 County of Orange, Virginia for the year ended June 30, 2010, is that school financed assets in the amount of \$63,020,952 are reported in the Primary Government for financial reporting purposes.

COUNTY OF ORANGE, VIRGINIA

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

Note 12—Deposits and Investments:

Deposits

All cash of the primary government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et.seq. of the Code of Virginia or covered by federal depository insurance.

Investments

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's policy on repurchase agreements states that third party safekeeping is not required for agreements of five days or less.

Credit Risk of Debt Securities

The Treasurer must limit investments to those allowed by the Code of Virginia. The Treasurer, however, may restrict investments beyond the limits imposed by the Code if such restrictions serve the purpose of further safeguarding County funds or are in the best interests of the County.

The allowable types of investments under the Code of Virginia are as follows:

1. Bonds, notes and other evidences of indebtedness of the State of Virginia, and other securities unconditionally guaranteed as to payment of principal and interest by the State of Virginia. (Section 2.1-327(1))
2. Bonds, notes and other obligations of the United States, and securities unconditionally guaranteed as to payment of principal and interest by the United States or any agency thereof. (2.1-327(2))
3. Bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the State of Virginia upon which there is no default; provided that such bonds, notes or other evidence of indebtedness are either direct legal obligations of, or unconditionally guaranteed as to payment of principal and interest by, the body in question; and revenue bonds issued by agencies or authorities of the State of Virginia or its political subdivisions upon which there is no default (2.1-328.6) and obligations of other states upon which there is no default (26-40(3)) and obligations of other counties, cities, etc. of other states upon which there is no default (26-40(5)).

COUNTY OF ORANGE, VIRGINIA

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

Note 12—Deposits and Investments: (Continued)

Credit Risk of Debt Securities: (Continued)

4. The Local Government Investment Pool. Investments in this pool are subject to the rules and regulations as set forth by the Virginia Department of the Treasury which manages the pool.
5. The State Non-Arbitrage Pool (“SNAP”). Investments in this pool are limited to unexpended proceeds from the issuance of bonds, the interest on which is subject to rebate under the provisions of the Tax Reform Act of 1986. (2.1-324.9:1)
6. Savings accounts or time deposits in any bank or savings and loan association within the state of Virginia providing such bank or savings and loan association is approved for the deposit of other funds of the Commonwealth or other political subdivision thereof (a “qualified public depository”). Such savings accounts or time deposits must meet the collateralization requirements as set forth in the Virginia Security for Public Deposits act and the regulations of the State Treasury Board. The collateral must be a security or securities allowable in the amount of required to secure public deposits set by regulations or an action of the Treasury Board. This collateral must be pledged to the state Treasury Board and held by the Board in its designated trust depository or another depository approved by the Board. (2.1-328.7 and 2.1-362)
7. Overnight, term or open repurchase agreements which are collateralized with securities that are approved for direct investment. The Treasurer may require that physical possession of the collateral be taken. Physical possession must be taken when the term of the repurchase agreement exceeds ten days. (2.1-328.4)
8. Banker’s acceptances from “prime quality” institutions. Prime quality shall be rated by an approved bank rating service with a rating no lower than “C” for domestic banks, or as rated by Standard & Poor’s, Inc. with a commercial paper rating no lower than A-1 or a senior debt rating no lower than “A”, or as rated by Moody’s Investors Service, Inc. with a commercial paper rating no lower than P-1 or a senior debt rating no lower than “A.” (2.1-328.3)
9. “Prime quality” commercial paper or “high quality” corporate notes. Prime quality shall be as rated by Standard & Poor’s, Inc. no lower than “A-1” or by Moody’s Investors Service, Inc. no lower than “P-1”. High quality shall be defined as rated by Standard & Poor’s no lower than “AA” or by Moody’s as no lower than “Aa” (2.1-328.10). Not more than thirty-five percent of the portfolio may be invested in commercial paper and corporate notes at any time. (2.1-328.0)
10. Certificates representing ownership in either treasury bond principal at maturity or its coupons for accrual periods. The underlying United States Treasury bonds or coupons shall be held by the Treasurer or a safekeeping agent independent of the seller of the certificates. (2.1-328.5)

COUNTY OF ORANGE, VIRGINIA

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

Note 12—Deposits and Investments: (Continued)

Credit Risk of Debt Securities: (Continued)

The County's rated debt investments as of June 30, 2010 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
	AAA	AA2	
Corporate Debt	\$ 1,413,052	\$	299,525
Local Government Investment Pool	14,112,171		-
Money Market Mutual Fund	12,790,918		-
Total	\$ <u>28,316,141</u>	\$	<u>299,525</u>

Interest Rate Risk

The County does not have policies related to interest rate risk.

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than	
		1 Year	1-5 Years
Money Market Mutual Funds	\$ 12,790,918	\$ 12,790,918	\$ -
Local Government Investment Pool	14,112,171	14,112,171	-
U.S. Agencies	9,242,904	1,780,678	7,462,226
Corporate Debt	<u>1,712,577</u>	<u>116,511</u>	<u>1,596,066</u>
Total	\$ <u>37,858,570</u>	\$ <u>28,800,278</u>	\$ <u>9,058,292</u>

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF ORANGE, VIRGINIA

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

Note 13–Surety Bonds:

Fidelity and Deposit Company of Maryland - Surety:	
Teresa T. Carroll, Clerk of the Circuit Court	\$ 24,000
Phyllis M. Yancey, Treasurer	400,000
Donna H. Chewning, Commissioner of the Revenue	3,000
Mark A. Amos, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Robert D. Lingo, Director of Social Services	100,000
United States Fidelity and Guaranty Company - Surety:	
Robert P. Grimesely, Jr., Superintendent of Schools	10,000
Laura Byram, Clerk of the School Board	10,000
Maryland Casualty Company - Surety:	
Shannon C. Abbs, Supervisor	1,000
Grover C. Wilson, Jr., Supervisor	1,000
S. Teel Goodwin, Jr., Supervisor	1,000
Zack Burkett, Supervisor	1,000
Lee Frame, Supervisor	1,000
Julie Jordan, County Administrator	3,000

Note 14–Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the government carries insurances.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

COUNTY OF ORANGE, VIRGINIA

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

Note 15—Landfill Closure and Postclosure Care Cost:

The County owns a landfill site. The County operates the site and collects tipping fees based upon the source of the waste. The County is responsible for the landfill closure costs.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The \$2,704,941 reported as landfill closure care liability at June 30, 2010, represents the cumulative amount reported based on the use of 82.00 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure care in 2010. The County expects to close the landfill in the year 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fees revenue and from any funds accumulated for this purpose in the Landfill Fund.

The County has demonstrated financial assurance requirements for closure, 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—Deferred Compensation Plan:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In compliance with revisions to Section 457 of the Internal Revenue Code effective August 20, 1996, these assets are held for the exclusive benefit of County employees. The County plan was amended during that year to provide that all assets are held in trust for participating employees. Accordingly, assets and the resulting liabilities of the Deferred Compensation Plan are no longer recorded in the County's financial statements.

COUNTY OF ORANGE, VIRGINIA

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

Note 17—Designated Fund Balances:

The following fund balances were designated for subsequent expenditure at June 30, 2010:

Primary Government:	
General Fund:	
Destroyed livestock/poultry program	\$ 9,604
Park contributions	250
Pool contributions	27,228
Financial stability	11,212,571
Total General Fund	\$ 11,249,653
Debt Service Fund	489,312
County Capital Projects Fund	2,810,885
Sub-total	\$ 14,549,850
Discretely Presented Component Unit-School Board:	
School Textbook Adoptions Fund	\$ 762,053
School Cafeteria Fund	47,368
Adult Education Fund	8,397
Sub-total	\$ 817,818
Total	\$ 15,367,668

Note 18—Reserved Fund Balances:

The following fund balances were reserved to provide funding for school capital projects:

School Capital Projects - Eastern Middle School	\$ <u>10,052,344</u>
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Note 19—Other Post-Employment Benefits Program:

County:

A. Plan Description:

The County provides post-retirement health care insurance benefits for employees who are eligible for retirement benefits. All full-time employees who retire directly from the County are eligible. Employees applying for early or regular retirement are eligible to continue participation in the County retiree health plan.

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. For participating retirees, the retiree will pay the full blended premium of the medical program.

COUNTY OF ORANGE, VIRGINIA

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

Note 19—Other Post-Employment Benefits Program: (Continued)

County: (Continued)

C. Annual Required Contribution (ARC):

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 actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 179,700
Interest on net OPEB obligation	6,391
Adjustment to annual required contribution	(6,652)
Annual OPEB cost (expense)	<u>\$ 179,439</u>
Contribution made	<u>22,200</u>
Increase in net OPEB obligation	\$ 157,239
Net OPEB obligation-beginning of year	159,772
Net OPEB obligation-end of year	<u><u>\$ 317,011</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding year are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 179,439	12%	\$ 317,011
June 30, 2009	181,612	12%	159,772

D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2010 is as follows:

Actuarial accrued liability (AAL)	\$ 1,228,055
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	1,228,055
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (active plan members)	8,269,728
UAAL as a percentage of covered payroll	15%

COUNTY OF ORANGE, VIRGINIA

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

Note 19—Other Post-Employment Benefits Program: (Continued)

County: (Continued)

E. Actuarial Methods and Assumptions:

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 assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Interest Assumptions

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 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after eighty years. 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 July 1, 2010, was thirty years.

	<u>Funded</u>
Discount rate	4.0%
Payroll growth	N/A

COUNTY OF ORANGE, VIRGINIA

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

Note 19—Other Post-Employment Benefits Program: (Continued)

School Board:

A. Plan Description:

The School Board provides post-retirement health care insurance benefits for employees who are eligible for retirement benefits. All employees working at least 25 hours per week who retire directly from the School Board and are eligible to receive an early or regular retirement benefit from the VRS are eligible for the benefit.

B. Funding Policy:

The School Board establishes employer contribution rates for plan participants as part of the budgetary process. 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. For participating retirees, the retiree will pay the full blended premium of the medical program.

C. Annual Required Contribution (ARC):

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 actually contributed to the plan, and changes in the School Board's net OPEB obligation:

Annual required contribution	\$ 649,700
Interest on net OPEB obligation	18,411
Adjustment to annual required contribution	(19,163)
Annual OPEB cost (expense)	<u>\$ 648,948</u>
Contribution made	<u>224,100</u>
Increase in net OPEB obligation	\$ 424,848
Net OPEB obligation-beginning of year	<u>460,275</u>
Net OPEB obligation-end of year	<u><u>\$ 885,123</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 648,948	35% \$	885,123
June 30, 2009	614,425	25%	460,275

COUNTY OF ORANGE, VIRGINIA

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

Note 19—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

D. Funded Status and Funding Progress:

The funded status of the plan as of July 1, 2010 is as follows:

Actuarial accrued liability (AAL)	\$	6,336,528
Actuarial value of plan assets		-
Unfunded actuarial accrued liability		6,336,528
Funded ratio (actuarial value of plan assets / AAL)		0%
Covered payroll (active plan members)		25,920,297
UAAL as a percentage of covered payroll		24%

E. Actuarial Methods and Assumptions:

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 assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

COUNTY OF ORANGE, VIRGINIA

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

Note 19—Other Post-Employment Benefits Program: (Continued)

School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Interest Assumptions

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 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after eighty years. 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 July 1, 2010, was thirty years.

	<u>Funded</u>
Discount rate	4.0%
Payroll growth	N/A

Note 20—VRS Health Insurance Credit—Other Post-Employment Benefits Program:

A. Plan Description

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

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

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 8.

COUNTY OF ORANGE, VIRGINIA

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

Note 20—VRS Health Insurance Credit—Other Post-Employment Benefits Program: (Continued)

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$171,354, \$263,460, and \$266,453, respectively and equaled the required contributions for each year.

Note 21—Adjustments to Beginning Balances:

The beginning net assets of various funds were adjusted as follows:

	<u>Fund Balance</u>	<u>Net Assets</u>
	<u>General Fund</u>	<u>Governmental Activities</u>
Balance July 1, 2009, before adjustment	\$ 15,756,672	\$ 27,023,352
Accounts receivable not recorded in prior year	<u>376,117</u>	<u>376,117</u>
Balance, July 1, 2009, as adjusted	<u>\$ 16,132,789</u>	<u>\$ 27,399,469</u>

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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General Fund

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

For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 29,262,786	\$ 29,262,786	\$ 31,547,517	\$ 2,284,731
Other local taxes	5,851,500	5,851,500	5,579,881	(271,619)
Permits, privilege fees, and regulatory licenses	171,400	171,400	171,857	457
Fines and forfeitures	17,092	19,582	38,798	19,216
Revenue from the use of money and property	2,313,986	2,353,934	1,891,696	(462,238)
Charges for services	1,657,598	1,686,567	1,795,441	108,874
Miscellaneous	354,164	448,320	373,325	(74,995)
Recovered costs	76,000	173,579	214,018	40,439
Intergovernmental revenues:				
Commonwealth	6,288,033	7,240,690	6,708,704	(531,986)
Federal	122,025	531,298	674,210	142,912
Total revenues	<u>\$ 46,114,584</u>	<u>\$ 47,739,656</u>	<u>\$ 48,995,447</u>	<u>\$ 1,255,791</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,252,942	\$ 3,346,862	\$ 2,967,297	\$ 379,565
Judicial administration	1,437,765	1,474,223	1,384,812	89,411
Public safety	9,208,599	9,907,602	9,155,000	752,602
Public works	809,618	835,425	695,733	139,692
Health and welfare	1,873,928	2,552,867	2,523,989	28,878
Education	17,223,794	17,523,794	16,566,810	956,984
Parks, recreation, and cultural	1,589,753	1,599,978	1,441,339	158,639
Community development	1,128,413	1,678,105	1,453,749	224,356
Nondepartmental	466,613	133,765	64,989	68,776
Total expenditures	<u>\$ 36,991,425</u>	<u>\$ 39,052,621</u>	<u>\$ 36,253,718</u>	<u>\$ 2,798,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,123,159</u>	<u>\$ 8,687,035</u>	<u>\$ 12,741,729</u>	<u>\$ 4,054,694</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (11,596,343)	\$ (11,669,972)	\$ (11,669,972)	\$ -
Total other financing sources and uses	<u>\$ (11,596,343)</u>	<u>\$ (11,669,972)</u>	<u>\$ (11,669,972)</u>	<u>\$ -</u>
Net change in fund balances	\$ (2,473,184)	\$ (2,982,937)	\$ 1,071,757	\$ 4,054,694
Fund balances - beginning, as restated	2,473,184	2,982,937	16,132,789	13,149,852
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,204,546</u>	<u>\$ 17,204,546</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ 1,671,207	\$ 1,671,207	\$ 806,636	\$ (864,571)
Federal	666,234	666,234	1,295,629	629,395
Total revenues	<u>\$ 2,337,441</u>	<u>\$ 2,337,441</u>	<u>\$ 2,102,265</u>	<u>\$ (235,176)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 3,032,766	\$ 3,032,766	\$ 2,723,612	\$ 309,154
Total expenditures	<u>\$ 3,032,766</u>	<u>\$ 3,032,766</u>	<u>\$ 2,723,612</u>	<u>\$ 309,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (695,325)</u>	<u>\$ (695,325)</u>	<u>\$ (621,347)</u>	<u>\$ 73,978</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 695,325	\$ 695,325	\$ 695,325	\$ -
Total other financing sources and uses	<u>\$ 695,325</u>	<u>\$ 695,325</u>	<u>\$ 695,325</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 73,978	\$ 73,978
Fund balances - beginning	-	-	360,956	360,956
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,934</u>	<u>\$ 434,934</u>

Schedule of Pension and OPEB Funding Progress
As of June 30, 2010

VIRGINIA RETIREMENT SYSTEM

Primary Government:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a) (c)	Funded Ratio (a/b) (d)	Annual Covered Payroll (e)	UAAL as % of Covered Payroll (c/e) (f)
06/30/09	\$ 18,737,536	\$ 20,814,931	\$ 2,077,395	90.02%	\$ 8,639,863	24.04%
06/30/08	17,463,071	19,311,758	1,848,687	90.43%	8,703,420	21.24%
06/30/07	15,157,733	17,175,962	2,018,229	88.25%	8,182,908	24.66%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a) (c)	Funded Ratio (a/b) (d)	Annual Covered Payroll (e)	UAAL as % of Covered Payroll (c/e) (f)
06/30/09	\$ 6,756,118	\$ 6,752,521	\$ (3,597)	100.05%	\$ 2,774,217	(0.13%)
06/30/08	6,632,518	6,228,003	(404,515)	106.50%	2,528,865	(16.00%)
06/30/07	5,990,541	5,757,230	(233,311)	104.05%	2,576,936	(9.05%)

OTHER POST EMPLOYMENT BENEFITS

Primary Government:

County

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a) (c)	Funded Ratio (a/b) (d)	Annual Covered Payroll (e)	UAAL as % of Covered Payroll (c/e) (f)
07/01/10	\$ -	\$ 1,228,055	\$ 1,228,055	0.00%	\$ 8,269,728	15%
07/01/08	-	963,831	963,831	0.00%	N/A	N/A

Discretely Presented Component Unit:

School Board

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a) (c)	Funded Ratio (a/b) (d)	Annual Covered Payroll (e)	UAAL as % of Covered Payroll (c/e) (f)
07/01/10	\$ -	\$ 6,336,528	\$ 6,336,528	0.00%	\$ 25,920,297	24%
07/01/08	\$ -	5,006,811	5,006,811	0.00%	N/A	N/A

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OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

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Debt Service Fund

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

For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 4,054,245	\$ 3,915,962	\$ 4,053,986	\$ (138,024)
Interest and other fiscal charges	<u>3,805,268</u>	<u>4,490,665</u>	<u>3,994,632</u>	<u>496,033</u>
Total expenditures	<u>\$ 7,859,513</u>	<u>\$ 8,406,627</u>	<u>\$ 8,048,618</u>	<u>\$ 358,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (7,859,513)</u>	<u>\$ (8,406,627)</u>	<u>\$ (8,048,618)</u>	<u>\$ (358,009)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 6,959,513</u>	<u>\$ 7,328,733</u>	<u>\$ 7,328,733</u>	<u>\$ -</u>
Net change in fund balances	\$ (900,000)	\$ (1,077,894)	\$ (719,885)	\$ 358,009
Fund balances - beginning	<u>900,000</u>	<u>1,077,894</u>	<u>1,209,197</u>	<u>131,303</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,312</u>	<u>\$ 489,312</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 336	\$ 336
Miscellaneous	157,081	247,131	206,684	(40,447)
Intergovernmental revenues:				
Commonwealth	-	150,761	145,490	(5,271)
Total revenues	<u>\$ 157,081</u>	<u>\$ 397,892</u>	<u>\$ 352,510</u>	<u>\$ (45,382)</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ 177,721	\$ 177,721	\$ -
Capital projects	824,081	3,736,724	1,806,400	1,930,324
Total expenditures	<u>\$ 824,081</u>	<u>\$ 3,914,445</u>	<u>\$ 1,984,121</u>	<u>\$ 1,930,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (667,000)</u>	<u>\$ (3,516,553)</u>	<u>\$ (1,631,611)</u>	<u>\$ 1,884,942</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 667,000	\$ 706,088	\$ 706,088	\$ -
Transfers out	-	(355,963)	(355,963)	-
Total other financing sources and uses	<u>\$ 667,000</u>	<u>\$ 350,125</u>	<u>\$ 350,125</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (3,166,428)	\$ (1,281,486)	\$ 1,884,942
Fund balances - beginning	-	3,166,428	4,092,371	925,943
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,810,885</u>	<u>\$ 2,810,885</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 81,566	\$ 81,566
Total revenues	\$ -	\$ -	\$ 81,566	\$ 81,566
EXPENDITURES				
Current:				
Education	\$ -	\$ 118,914	\$ 118,914	\$ -
Capital projects	-	33,876,716	24,185,275	9,691,441
Total expenditures	\$ -	\$ 33,995,630	\$ 24,304,189	\$ 9,691,441
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (33,995,630)	\$ (24,222,623)	\$ 9,773,007
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 355,963	\$ 355,963	\$ -
Transfers out	-	(355,963)	(355,963)	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ (33,995,630)	\$ (24,222,623)	\$ 9,773,007
Fund balances - beginning	-	33,995,630	34,274,967	279,337
Fund balances - ending	\$ -	\$ -	\$ 10,052,344	\$ 10,052,344

**Combining Balance Sheet
Nonmajor Special Revenue Funds
As of June 30, 2010**

	<u>Asset Forfeiture Fund</u>	<u>Law Library Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 23,775	\$ 36,631	\$ 60,406
Receivables (net of allowance for uncollectibles):			
Accounts receivable	749	84	833
Total assets	<u>\$ 24,524</u>	<u>\$ 36,715</u>	<u>\$ 61,239</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 8,280	\$ -	\$ 8,280
Total liabilities	<u>\$ 8,280</u>	<u>\$ -</u>	<u>\$ 8,280</u>
Fund balances:			
Unreserved:			
Undesignated	\$ 16,244	\$ 36,715	\$ 52,959
Total fund balances	<u>\$ 16,244</u>	<u>\$ 36,715</u>	<u>\$ 52,959</u>
Total liabilities and fund balances	<u>\$ 24,524</u>	<u>\$ 36,715</u>	<u>\$ 61,239</u>

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

	<u>Asset Forfeiture Fund</u>	<u>Law Library Fund</u>	<u>Total</u>
REVENUES			
Revenue from the use of money and property	\$ 749	\$ -	\$ 749
Charges for services	-	7,323	7,323
Intergovernmental revenues:			
Commonwealth	8,186	-	8,186
Total revenues	<u>\$ 8,935</u>	<u>\$ 7,323</u>	<u>\$ 16,258</u>
EXPENDITURES			
Current:			
Judicial administration	\$ 115	\$ 1,341	\$ 1,456
Public safety	1,532	-	1,532
Total expenditures	<u>\$ 1,647</u>	<u>\$ 1,341</u>	<u>\$ 2,988</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,288</u>	<u>\$ 5,982</u>	<u>\$ 13,270</u>
Net change in fund balances	\$ 7,288	\$ 5,982	\$ 13,270
Fund balances - beginning	8,956	30,733	39,689
Fund balances - ending	<u>\$ 16,244</u>	<u>\$ 36,715</u>	<u>\$ 52,959</u>

COUNTY OF ORANGE, VIRGINIA

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

	Asset Forfeiture Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 749	\$ 749
Charges for services	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	6,501	8,186	1,685
Total revenues	\$ -	\$ 6,501	\$ 8,935	\$ 2,434
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ 3,421	\$ 115	\$ 3,306
Public safety	-	12,037	1,532	10,505
Total expenditures	\$ -	\$ 15,458	\$ 1,647	\$ 13,811
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (8,957)	\$ 7,288	\$ 16,245
Net change in fund balances	\$ -	\$ (8,957)	\$ 7,288	\$ 16,245
Fund balances - beginning	-	8,957	8,956	(1)
Fund balances - ending	\$ -	\$ -	\$ 16,244	\$ 16,244

Exhibit 20

Law Library Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
3,800	3,800	7,323	3,523
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,800</u>	<u>\$ 3,800</u>	<u>\$ 7,323</u>	<u>\$ 3,523</u>
\$ 5,000	\$ 5,000	\$ 1,341	\$ 3,659
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 1,341</u>	<u>\$ 3,659</u>
<u>\$ (1,200)</u>	<u>\$ (1,200)</u>	<u>\$ 5,982</u>	<u>\$ 7,182</u>
\$ (1,200)	\$ (1,200)	\$ 5,982	\$ 7,182
1,200	1,200	30,733	29,533
<u>-</u>	<u>-</u>	<u>36,715</u>	<u>36,715</u>

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

	<u>Agency Funds</u>				
	<u>Special Welfare</u>	<u>Rapidan Hills Limited Partnership Fund</u>	<u>Commonwealth Fund</u>	<u>Bond Escrow Agency Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 30,832	\$ 7,713	\$ 836	\$ 297,525	\$ 336,906
Total assets	<u>\$ 30,832</u>	<u>\$ 7,713</u>	<u>\$ 836</u>	<u>\$ 297,525</u>	<u>\$ 336,906</u>
LIABILITIES					
Amounts held for social services clients	\$ 30,832	\$ -	\$ -	\$ -	\$ 30,832
Amounts held for Rapidan Hills Limited Partnership	-	7,713	-	-	7,713
Amounts held for others	-	-	836	297,525	298,361
Total liabilities	<u>\$ 30,832</u>	<u>\$ 7,713</u>	<u>\$ 836</u>	<u>\$ 297,525</u>	<u>\$ 336,906</u>

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2010**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund				
ASSETS				
Cash and cash equivalents	\$ 27,741	\$ 23,529	\$ 20,438	\$ 30,832
Total assets	<u>\$ 27,741</u>	<u>\$ 23,529</u>	<u>\$ 20,438</u>	<u>\$ 30,832</u>
LIABILITIES				
Amounts held for social services clients	\$ 27,741	\$ 23,529	\$ 20,438	\$ 30,832
Total liabilities	<u>\$ 27,741</u>	<u>\$ 23,529</u>	<u>\$ 20,438</u>	<u>\$ 30,832</u>
Rapidan Hills Limited Partnership Fund				
ASSETS				
Cash and cash equivalents	\$ 7,376	\$ 337	\$ -	\$ 7,713
Total assets	<u>\$ 7,376</u>	<u>\$ 337</u>	<u>\$ -</u>	<u>\$ 7,713</u>
LIABILITIES				
Amounts held for Rapidan Hills Limited Partnership	\$ 7,376	\$ 337	\$ -	\$ 7,713
Total liabilities	<u>\$ 7,376</u>	<u>\$ 337</u>	<u>\$ -</u>	<u>\$ 7,713</u>
Commonwealth Fund				
ASSETS				
Cash and cash equivalents	\$ 1,240	\$ -	\$ 404	\$ 836
Total assets	<u>\$ 1,240</u>	<u>\$ -</u>	<u>\$ 404</u>	<u>\$ 836</u>
LIABILITIES				
Amounts held for others	\$ 1,240	\$ -	\$ 404	\$ 836
Total liabilities	<u>\$ 1,240</u>	<u>\$ -</u>	<u>\$ 404</u>	<u>\$ 836</u>
Bond Escrow Agency Fund				
ASSETS				
Cash and cash equivalents	\$ 285,525	\$ 12,000	\$ -	\$ 297,525
Total assets	<u>\$ 285,525</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 297,525</u>
LIABILITIES				
Amounts held for others	\$ 285,525	\$ 12,000	\$ -	\$ 297,525
Total liabilities	<u>\$ 285,525</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 297,525</u>
Totals - All Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 321,882	\$ 35,866	\$ 20,842	\$ 336,906
Total assets	<u>\$ 321,882</u>	<u>\$ 35,866</u>	<u>\$ 20,842</u>	<u>\$ 336,906</u>
LIABILITIES				
Amounts held for social services clients	\$ 27,741	\$ 23,529	\$ 20,438	\$ 30,832
Amounts held for Rapidan Hills Limited Partnership	7,376	337	-	7,713
Amounts held for others	286,765	12,000	404	298,361
Total liabilities	<u>\$ 321,882</u>	<u>\$ 35,866</u>	<u>\$ 20,842</u>	<u>\$ 336,906</u>

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Discretely Presented Component Unit–School Board

Major Governmental Funds

School Operating Fund – The School Operating Fund is a special revenue fund that accounts for the operations of the County’s school system. Financing is provided by the State and Federal Governments as well as contributions from the general fund.

School Textbook Adoptions Fund – The School Textbook Adoptions Fund is a special revenue fund that accounts for transactions related to the adoption of textbooks to be utilized in the County’s school system.

Adult Education Fund – The Adult Education Fund is a special revenue fund that accounts for transactions related to the regional adult education program the County oversees.

Nonmajor Governmental Funds

School Cafeteria Fund – The Cafeteria Fund is a special revenue fund that accounts for the County’s school lunch program. Financing is provided from lunch sales and state and federal reimbursements.

Employee Child Care Fund – The Employee Child Care Fund is a special revenue fund that accounts for the County’s Employee Child Care program. Financing is provided from Tuition daycare fees.

Head Start Fund – The Head Start Fund is a special revenue fund that accounts for the operations of the County’s Head Start program. Financing is provided by the Federal government.

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

	<u>School Operating Fund</u>	<u>School Textbook Adoptions Fund</u>	<u>Adult Education Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,151,083	\$ 762,053	\$ -	\$ 284,597	\$ 4,197,733
Receivables (net of allowance for uncollectibles):					
Accounts receivable	26,279	-	4,176	11,482	41,937
Due from other governmental units	1,496,953	-	40,051	45,591	1,582,595
Total assets	<u>\$ 4,674,315</u>	<u>\$ 762,053</u>	<u>\$ 44,227</u>	<u>\$ 341,670</u>	<u>\$ 5,822,265</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts payable	\$ 1,058,000	\$ -	\$ -	\$ 139,330	\$ 1,197,330
Reconciled overdraft	-	-	19,723	-	19,723
Accrued liabilities	3,616,315	-	16,107	154,972	3,787,394
Total liabilities	<u>\$ 4,674,315</u>	<u>\$ -</u>	<u>\$ 35,830</u>	<u>\$ 294,302</u>	<u>\$ 5,004,447</u>

Fund balances:

Unreserved:					
Designated for subsequent expenditure	\$ -	\$ 762,053	\$ 8,397	\$ 47,368	\$ 817,818
Undesignated	-	-	-	-	-
Total fund balances	<u>\$ -</u>	<u>\$ 762,053</u>	<u>\$ 8,397</u>	<u>\$ 47,368</u>	<u>\$ 817,818</u>
Total liabilities and fund balances	<u>\$ 4,674,315</u>	<u>\$ 762,053</u>	<u>\$ 44,227</u>	<u>\$ 341,670</u>	<u>\$ 5,822,265</u>

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

Total fund balances per above	\$ 817,818
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,760,537
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,261,025)</u>
Net assets of governmental activities	<u>\$ 24,317,330</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2010**

	<u>School Operating Fund</u>	<u>School Textbook Adoptions Fund</u>	<u>Adult Education Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Revenue from the use of money and property	\$ 14,604	\$ -	\$ -	\$ 398	\$ 15,002
Charges for services	49,295	-	44,803	958,693	1,052,791
Miscellaneous	170,042	-	-	-	170,042
Intergovernmental revenues:					
Local government	16,858,020	-	-	-	16,858,020
Commonwealth	21,967,136	-	79,878	23,734	22,070,748
Federal	4,674,336	-	141,723	2,287,509	7,103,568
Total revenues	<u>\$ 43,733,433</u>	<u>\$ -</u>	<u>\$ 266,404</u>	<u>\$ 3,270,334</u>	<u>\$ 47,270,171</u>
EXPENDITURES					
Current:					
Education	\$ 43,719,490	\$ 215,291	\$ 273,952	\$ 3,305,062	\$ 47,513,795
Total expenditures	<u>\$ 43,719,490</u>	<u>\$ 215,291</u>	<u>\$ 273,952</u>	<u>\$ 3,305,062</u>	<u>\$ 47,513,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 13,943</u>	<u>\$ (215,291)</u>	<u>\$ (7,548)</u>	<u>\$ (34,728)</u>	<u>\$ (243,624)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 7,834	\$ 6,109	\$ 13,943
Transfers out	<u>(13,943)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,943)</u>
Total other financing sources and uses	<u>\$ (13,943)</u>	<u>\$ -</u>	<u>\$ 7,834</u>	<u>\$ 6,109</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (215,291)	\$ 286	\$ (28,619)	\$ (243,624)
Fund balances - beginning	-	977,344	8,111	75,987	1,061,442
Fund balances - ending	<u>\$ -</u>	<u>\$ 762,053</u>	<u>\$ 8,397</u>	<u>\$ 47,368</u>	<u>\$ 817,818</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	\$ (243,624)
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.	2,701,436
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.	<u>(423,018)</u>
Change in net assets of governmental activities	<u>\$ 2,034,794</u>

COUNTY OF ORANGE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 19,545	\$ 19,545	\$ 14,604	\$ (4,941)
Charges for services	50,000	50,000	49,295	(705)
Miscellaneous	65,370	70,370	170,042	99,672
Intergovernmental revenues:				
Local government	17,265,351	17,743,072	16,858,020	(885,052)
Commonwealth	23,301,109	23,301,109	21,967,136	(1,333,973)
Federal	4,370,057	5,705,703	4,674,336	(1,031,367)
Total revenues	<u>\$ 45,071,432</u>	<u>\$ 46,889,799</u>	<u>\$ 43,733,433</u>	<u>\$ (3,156,366)</u>
EXPENDITURES				
Current:				
Education	\$ 45,071,432	\$ 46,889,799	\$ 43,719,490	\$ 3,170,309
Total expenditures	<u>\$ 45,071,432</u>	<u>\$ 46,889,799</u>	<u>\$ 43,719,490</u>	<u>\$ 3,170,309</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 13,943	\$ 13,943
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 75,000	\$ 75,000	\$ -	\$ (75,000)
Transfers out	(75,000)	(75,000)	(13,943)	61,057
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,943)</u>	<u>\$ (13,943)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Textbook Adoptions Fund				Adult Education Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	31,963	31,963	44,803	12,840
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	107,803	107,803	79,878	(27,925)
-	-	-	-	144,831	144,831	141,723	(3,108)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,597</u>	<u>\$ 284,597</u>	<u>\$ 266,404</u>	<u>\$ (18,193)</u>
<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 215,291</u>	<u>\$ 34,709</u>	<u>\$ 296,238</u>	<u>\$ 296,238</u>	<u>\$ 273,952</u>	<u>\$ 22,286</u>
<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 215,291</u>	<u>\$ 34,709</u>	<u>\$ 296,238</u>	<u>\$ 296,238</u>	<u>\$ 273,952</u>	<u>\$ 22,286</u>
<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	<u>\$ (215,291)</u>	<u>\$ 34,709</u>	<u>\$ (11,641)</u>	<u>\$ (11,641)</u>	<u>\$ (7,548)</u>	<u>\$ 4,093</u>
\$ -	\$ -	\$ -	\$ -	11,641	11,641	7,834	3,807
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,641</u>	<u>\$ 11,641</u>	<u>\$ 7,834</u>	<u>\$ 3,807</u>
\$ (250,000)	\$ (250,000)	\$ (215,291)	\$ 34,709	\$ -	\$ -	\$ 286	\$ 286
250,000	250,000	977,344	727,344	-	-	8,111	8,111
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 762,053</u>	<u>\$ 762,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,397</u>	<u>\$ 8,397</u>

Combining Balance Sheet
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
As of June 30, 2010

	<u>School Cafeteria Fund</u>	<u>Employee Child Care Fund</u>	<u>Head Start Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 180,354	\$ 9,214	\$ 95,029	\$ 284,597
Receivables (net of allowance for uncollectibles):				
Accounts receivable	9,578	1,904	-	11,482
Due from other governmental units	-	-	45,591	45,591
Total assets	<u>\$ 189,932</u>	<u>\$ 11,118</u>	<u>\$ 140,620</u>	<u>\$ 341,670</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 73,041	\$ -	\$ 66,289	\$ 139,330
Accrued liabilities	69,523	11,118	74,331	154,972
Total liabilities	<u>\$ 142,564</u>	<u>\$ 11,118</u>	<u>\$ 140,620</u>	<u>\$ 294,302</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditure	\$ 47,368	\$ -	\$ -	\$ 47,368
Undesignated	-	-	-	-
Total fund balances	<u>\$ 47,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,368</u>
Total liabilities and fund balances	<u>\$ 189,932</u>	<u>\$ 11,118</u>	<u>\$ 140,620</u>	<u>\$ 341,670</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010**

	<u>School Cafeteria Fund</u>	<u>Employee Child Care</u>	<u>Head Start Fund</u>	<u>Total</u>
REVENUES				
Revenue from the use of money and property	\$ 398	\$ -	\$ -	\$ 398
Charges for services	822,684	136,009	-	958,693
Intergovernmental revenues:				
Commonwealth	23,734	-	-	23,734
Federal	928,648	-	1,358,861	2,287,509
Total revenues	<u>\$ 1,775,464</u>	<u>\$ 136,009</u>	<u>\$ 1,358,861</u>	<u>\$ 3,270,334</u>
EXPENDITURES				
Current:				
Education	\$ 1,804,470	\$ 141,731	\$ 1,358,861	\$ 3,305,062
Total expenditures	<u>\$ 1,804,470</u>	<u>\$ 141,731</u>	<u>\$ 1,358,861</u>	<u>\$ 3,305,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (29,006)</u>	<u>\$ (5,722)</u>	<u>\$ -</u>	<u>\$ (34,728)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 6,109	\$ -	\$ 6,109
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 6,109</u>	<u>\$ -</u>	<u>\$ 6,109</u>
Net change in fund balances	\$ (29,006)	\$ 387	\$ -	\$ (28,619)
Fund balances - beginning	76,374	(387)	-	75,987
Fund balances - ending	<u>\$ 47,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,368</u>

COUNTY OF ORANGE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2010

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 467	\$ 467	\$ 398	\$ (69)
Charges for services	1,005,000	1,005,000	822,684	(182,316)
Intergovernmental revenues:				
Commonwealth	22,432	22,432	23,734	1,302
Federal	726,853	732,853	928,648	195,795
Total revenues	<u>\$ 1,754,752</u>	<u>\$ 1,760,752</u>	<u>\$ 1,775,464</u>	<u>\$ 14,712</u>
EXPENDITURES				
Current:				
Education	\$ 1,818,111	\$ 1,824,111	\$ 1,804,470	\$ 19,641
Total expenditures	<u>\$ 1,818,111</u>	<u>\$ 1,824,111</u>	<u>\$ 1,804,470</u>	<u>\$ 19,641</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (63,359)</u>	<u>\$ (63,359)</u>	<u>\$ (29,006)</u>	<u>\$ 34,353</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 63,359	\$ 63,359	\$ -	\$ (63,359)
Total other financing sources and uses	<u>\$ 63,359</u>	<u>\$ 63,359</u>	<u>\$ -</u>	<u>\$ (63,359)</u>
Net change in fund balances	\$ -	\$ -	\$ (29,006)	\$ (29,006)
Fund balances - beginning	-	-	76,374	76,374
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,368</u>	<u>\$ 47,368</u>

Employee Child Care Fund				Head Start Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
157,039	157,039	136,009	(21,030)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	923,204	1,551,805	1,358,861	(192,944)
<u>\$ 157,039</u>	<u>\$ 157,039</u>	<u>\$ 136,009</u>	<u>\$ (21,030)</u>	<u>\$ 923,204</u>	<u>\$ 1,551,805</u>	<u>\$ 1,358,861</u>	<u>\$ (192,944)</u>
\$ 157,039	\$ 157,039	\$ 141,731	\$ 15,308	\$ 923,204	\$ 1,551,805	\$ 1,358,861	\$ 192,944
\$ 157,039	\$ 157,039	\$ 141,731	\$ 15,308	\$ 923,204	\$ 1,551,805	\$ 1,358,861	\$ 192,944
\$ -	\$ -	\$ (5,722)	\$ (5,722)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 6,109	\$ (6,109)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 6,109	\$ (6,109)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 387	\$ (387)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (387)	\$ 387	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Discretely Presented Component Unit-
Economic Development Authority

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Balance Sheet
Discretely Presented Component Unit - Economic Development Authority
As of June 30, 2010

	<u>Economic Development Authority</u>
ASSETS	
Cash and cash equivalents	\$ 1,197,311
Total assets	<u>\$ 1,197,311</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 582
Total liabilities	<u>\$ 582</u>
Fund balances:	
Unreserved:	
Undesignated	\$ 1,196,729
Total liabilities and fund balances	<u>\$ 1,197,311</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Total fund balances per above	\$ 1,196,729
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>129,172</u>
Net assets of governmental activities	<u>\$ 1,325,901</u>

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2010**

	Total Governmental Funds
REVENUES	
Revenue from the use of money and property	\$ 4,322
Miscellaneous	30
Intergovernmental revenues:	
Contribution from County of Orange	150,665
Total revenues	<u>\$ 155,017</u>
EXPENDITURES	
Current:	
Community development	\$ 15,666
Miscellaneous - contingencies and incentives	30,000
Capital projects	129,150
Total expenditures	<u>\$ 174,816</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (19,799)</u>
Fund balances - beginning	1,216,528
Fund balances - ending	<u>\$ 1,196,729</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	\$ (19,799)
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.	<u>129,150</u>
Change in net assets of governmental activities	<u>\$ 109,351</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 4,322	\$ 4,322
Miscellaneous	-	-	30	30
Intergovernmental revenues:				
Contribution from County of Orange	150,665	150,665	150,665	-
Total revenues	<u>\$ 150,665</u>	<u>\$ 150,665</u>	<u>\$ 155,017</u>	<u>\$ 4,352</u>
EXPENDITURES				
Current:				
Community development	\$ 150,665	\$ 279,815	\$ 174,816	\$ 104,999
Total expenditures	<u>\$ 150,665</u>	<u>\$ 279,815</u>	<u>\$ 174,816</u>	<u>\$ 104,999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (129,150)</u>	<u>\$ (19,799)</u>	<u>\$ 109,351</u>
Net change in fund balances	\$ -	\$ (129,150)	\$ (19,799)	\$ 109,351
Fund balances - beginning	-	129,150	1,216,528	1,087,378
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,196,729</u>	<u>\$ 1,196,729</u>

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Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 22,779,023	\$ 22,779,023	\$ 23,711,068	\$ 932,045
Real and personal public service corporation taxes	601,516	601,516	696,170	94,654
Personal property taxes	4,608,759	4,608,759	5,242,998	634,239
Mobile home taxes	-	-	28,547	28,547
Machinery and tools taxes	609,580	609,580	1,040,171	430,591
Merchants' capital taxes	138,007	138,007	159,531	21,524
Airplanes	20,264	20,264	20,976	712
Boats	190,637	190,637	193,005	2,368
Penalties	230,000	230,000	328,311	98,311
Interest	85,000	85,000	126,740	41,740
Total general property taxes	<u>\$ 29,262,786</u>	<u>\$ 29,262,786</u>	<u>\$ 31,547,517</u>	<u>\$ 2,284,731</u>
Other local taxes:				
Local sales and use taxes	\$ 1,859,000	\$ 1,859,000	\$ 1,679,256	\$ (179,744)
Consumers' utility taxes	2,150,000	2,150,000	2,050,682	(99,318)
Consumption taxes	85,000	85,000	90,711	5,711
Cable franchise taxes	-	-	38	38
E-911 telephone taxes	-	-	1,203	1,203
Utility license taxes	40,000	40,000	46,106	6,106
Motor vehicle licenses	677,000	677,000	677,609	609
Bank stock taxes	32,000	32,000	57,901	25,901
Taxes on recordation and wills	458,500	458,500	455,274	(3,226)
Hotel and motel room taxes	10,000	10,000	10,472	472
Restaurant food taxes	540,000	540,000	510,629	(29,371)
Total other local taxes	<u>\$ 5,851,500</u>	<u>\$ 5,851,500</u>	<u>\$ 5,579,881</u>	<u>\$ (271,619)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,000	\$ 9,000	\$ 11,168	\$ 2,168
Land use application fees	5,000	5,000	4,312	(688)
Transfer fees	1,300	1,300	1,212	(88)
Building and related permits	102,600	102,600	118,521	15,921
Zoning and related permits	53,500	53,500	36,644	(16,856)
Total permits, privilege fees, and regulatory licenses	<u>\$ 171,400</u>	<u>\$ 171,400</u>	<u>\$ 171,857</u>	<u>\$ 457</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 17,092	\$ 19,582	\$ 38,798	\$ 19,216
Revenue from use of money and property:				
Revenue from use of money	\$ 800,000	\$ 800,000	\$ 333,929	\$ (466,071)
Revenue from use of property	1,513,986	1,553,934	1,557,767	3,833
Total revenue from use of money and property	<u>\$ 2,313,986</u>	<u>\$ 2,353,934</u>	<u>\$ 1,891,696</u>	<u>\$ (462,238)</u>
Charges for services:				
Excess fees of clerk	\$ 10,000	\$ 10,000	\$ 9,849	\$ (151)
Charges for law enforcement and traffic control	307,900	325,926	285,044	(40,882)
Charges for courthouse maintenance	14,000	14,000	11,201	(2,799)
Charges for EMS services	763,500	763,500	1,012,109	248,609
Charges for Commonwealth's Attorney	1,400	1,400	1,031	(369)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for other protection	\$ 72,000	\$ 72,000	\$ 43,398	\$ (28,602)
Charges for parks and recreation	453,998	459,356	395,757	(63,599)
Charges for maps and surveys	1,100	1,100	505	(595)
Charges for tourism	-	-	370	370
Charges for library	33,700	39,285	36,177	(3,108)
Total charges for services	<u>\$ 1,657,598</u>	<u>\$ 1,686,567</u>	<u>\$ 1,795,441</u>	<u>\$ 108,874</u>
Miscellaneous revenue:				
Miscellaneous	\$ 338,914	\$ 355,081	\$ 282,148	\$ (72,933)
Donations	15,250	93,239	91,177	(2,062)
Total miscellaneous revenue	<u>\$ 354,164</u>	<u>\$ 448,320</u>	<u>\$ 373,325</u>	<u>\$ (74,995)</u>
Recovered costs:				
Judge's secretary	\$ 25,000	\$ 25,000	\$ 51,452	\$ 26,452
Insurance recoveries	-	92,955	97,548	4,593
Other recovered costs	51,000	55,624	65,018	9,394
Total recovered costs	<u>\$ 76,000</u>	<u>\$ 173,579</u>	<u>\$ 214,018</u>	<u>\$ 40,439</u>
Total revenue from local sources	<u>\$ 39,704,526</u>	<u>\$ 39,967,668</u>	<u>\$ 41,612,533</u>	<u>\$ 1,644,865</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 11,884	\$ 11,884	\$ -	\$ (11,884)
Wine taxes	12,456	12,456	-	(12,456)
Motor vehicle carriers' tax	40,000	40,000	41,658	1,658
Mobile home titling tax	25,000	25,000	28,607	3,607
Recordation Taxes from State	130,000	130,000	137,572	7,572
Motor vehicle rental tax	2,200	2,200	3,499	1,299
Personal property tax relief funds	2,763,073	2,763,073	2,763,073	-
Total noncategorical aid	<u>\$ 2,984,613</u>	<u>\$ 2,984,613</u>	<u>\$ 2,974,409</u>	<u>\$ (10,204)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 226,136	\$ 225,293	\$ 214,010	\$ (11,283)
Sheriff	1,309,286	1,304,376	1,113,237	(191,139)
Commissioner of revenue	114,088	113,650	102,662	(10,988)
Treasurer	124,439	123,954	113,135	(10,819)
Registrar/electoral board	44,366	44,366	44,773	407
Clerk of the Circuit Court	259,880	286,174	261,090	(25,084)
Total shared expenses	<u>\$ 2,078,195</u>	<u>\$ 2,097,813</u>	<u>\$ 1,848,907</u>	<u>\$ (248,906)</u>
Other categorical aid:				
DCJS Senior Security grant funds	\$ -	\$ 2,250	\$ 2,125	\$ (125)
Emergency Services Grant	25,000	25,000	27,284	2,284
Virginia Commission for the Arts	4,500	4,500	-	(4,500)
State share of the county library	170,557	161,822	158,647	(3,175)
State Miscellaneous	-	-	889	889
ISTEA-Montpelier	34,000	113,620	34,000	(79,620)
Two for Life	27,000	31,760	31,706	(54)
Fire Programs	55,164	202,270	227,120	24,850

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
DCJS-Victim Witness Assist. Program	\$ 47,625	\$ 47,625	\$ 43,032	\$ (4,593)
Comprehensive Services For Youth	722,540	1,255,528	1,164,145	(91,383)
Virginia Crime Control Act Grant	28,864	28,864	26,906	(1,958)
Tobacco Grant	-	45,656	37,072	(8,584)
E911 Wireless Funds	105,000	105,000	95,575	(9,425)
Spay/Neuter	-	-	387	387
Other State Funds	4,975	134,369	36,500	(97,869)
Total other categorical aid	<u>\$ 1,225,225</u>	<u>\$ 2,158,264</u>	<u>\$ 1,885,388</u>	<u>\$ (272,876)</u>
Total categorical aid	<u>\$ 3,303,420</u>	<u>\$ 4,256,077</u>	<u>\$ 3,734,295</u>	<u>\$ (521,782)</u>
Total revenue from the Commonwealth	<u>\$ 6,288,033</u>	<u>\$ 7,240,690</u>	<u>\$ 6,708,704</u>	<u>\$ (531,986)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ -	\$ -	\$ 4,136	\$ 4,136
Categorical aid:				
State Homeland Security	\$ -	\$ -	\$ 7,900	\$ 7,900
ISTEA Funds Montpelier Project	-	366,380	446,000	79,620
DMV Grant	-	42,893	40,151	(2,742)
SAFER Grant	122,025	122,025	111,165	(10,860)
ARRA Stabilization Federal Funds	-	-	64,858	64,858
Total categorical aid	<u>\$ 122,025</u>	<u>\$ 531,298</u>	<u>\$ 670,074</u>	<u>\$ 138,776</u>
Total revenue from the federal government	<u>\$ 122,025</u>	<u>\$ 531,298</u>	<u>\$ 674,210</u>	<u>\$ 142,912</u>
Total General Fund	<u>\$ 46,114,584</u>	<u>\$ 47,739,656</u>	<u>\$ 48,995,447</u>	<u>\$ 1,255,791</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,671,207	\$ 1,671,207	\$ 806,636	\$ (864,571)
Total revenue from the Commonwealth	<u>\$ 1,671,207</u>	<u>\$ 1,671,207</u>	<u>\$ 806,636</u>	<u>\$ (864,571)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 666,234	\$ 666,234	\$ 1,193,194	\$ 526,960
Public assistance and welfare administration - ARRA	-	-	102,435	102,435
Total revenue from the federal government	<u>\$ 666,234</u>	<u>\$ 666,234</u>	<u>\$ 1,295,629</u>	<u>\$ 629,395</u>
Total Virginia Public Assistance Fund	<u>\$ 2,337,441</u>	<u>\$ 2,337,441</u>	<u>\$ 2,102,265</u>	<u>\$ (235,176)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (continued)				
Asset Forfeiture Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 749	\$ 749
Total revenue from local sources	\$ -	\$ -	\$ 749	\$ 749
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ -	\$ 6,501	\$ 8,186	\$ 1,685
Total revenue from the commonwealth	\$ -	\$ 6,501	\$ 8,186	\$ 1,685
Total Asset Forfeiture Fund	\$ -	\$ 6,501	\$ 8,935	\$ 2,434
Law Library Fund:				
Charges for services:				
Law library fees	\$ 3,800	\$ 3,800	\$ 7,323	\$ 3,523
Total charges for services	\$ 3,800	\$ 3,800	\$ 7,323	\$ 3,523
Total revenue from local sources	\$ 3,800	\$ 3,800	\$ 7,323	\$ 3,523
Total Law Library Fund	\$ 3,800	\$ 3,800	\$ 7,323	\$ 3,523
Capital Projects Funds:				
County Capital Improvements Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 336	\$ 336
Miscellaneous revenue:				
Miscellaneous Revenue	\$ 157,081	\$ 247,131	\$ 206,684	\$ (40,447)
Total revenue from local sources	\$ 157,081	\$ 247,131	\$ 207,020	\$ (40,111)
Revenue from Commonwealth				
Categorical aid:				
DEQ Water Supply Grant	\$ -	\$ 10,000	\$ 10,000	\$ -
Other categorical aid	-	140,761	135,490	(5,271)
Total categorical aid	\$ -	\$ 150,761	\$ 145,490	\$ (5,271)
Total revenue from the Commonwealth	\$ -	\$ 150,761	\$ 145,490	\$ (5,271)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
County Capital Improvements Fund: (Continued)				
Total County Capital Improvements Fund	\$ 157,081	\$ 397,892	\$ 352,510	\$ (45,382)
School Capital Projects Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 81,566	\$ 81,566
Total revenue from use of money and property	\$ -	\$ -	\$ 81,566	\$ 81,566
Total School Capital Projects Fund	\$ -	\$ -	\$ 81,566	\$ 81,566
Total Primary Government	\$ 48,612,906	\$ 50,485,291	\$ 51,548,046	\$ 1,062,755
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 19,545	\$ 19,545	\$ 14,604	\$ (4,941)
Charges for services:				
Charges for education	\$ 50,000	\$ 50,000	\$ 49,295	\$ (705)
Miscellaneous revenue:				
Miscellaneous revenue	\$ 40,370	\$ 45,370	\$ 135,515	\$ 90,145
Medicaid reimbursement	25,000	25,000	34,527	9,527
Total miscellaneous revenue	\$ 65,370	\$ 70,370	\$ 170,042	\$ 99,672
Total revenue from local sources	\$ 134,915	\$ 139,915	\$ 233,941	\$ 94,026
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Orange, Virginia	\$ 17,265,351	\$ 17,743,072	\$ 16,858,020	\$ (885,052)
Revenue from Commonwealth				
Categorical aid:				
Share of state sales tax	\$ 4,191,848	\$ 4,191,848	\$ 4,195,403	\$ 3,555
State School Funds	-	-	4,516	4,516
Basic school aid	13,579,264	13,579,264	12,634,525	(944,739)
Regular foster care	62,881	62,881	34,817	(28,064)
Gifted and talented	131,157	131,157	127,569	(3,588)
Remedial education summer	87,238	87,238	132,390	45,152
Remedial education	259,399	259,399	252,303	(7,096)
Special education	1,457,300	1,457,300	1,417,434	(39,866)
Vocational standards of quality payments	320,606	320,606	311,835	(8,771)
Social security fringe benefits	740,308	740,308	720,056	(20,252)
Retirement fringe benefits	953,074	953,074	694,543	(258,531)
Group life insurance instructional	26,231	26,231	19,844	(6,387)
State lottery payments	264,850	264,850	327,285	62,435
Early reading intervention	55,029	55,029	56,749	1,720

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from Commonwealth: (Continued)				
Categorical aid: (Continued)				
Homebound education	\$ 33,933	\$ 33,933	\$ 18,781	\$ (15,152)
Special education jails	-	-	1,162	1,162
Special education - Regional programs	124,520	124,520	82,300	(42,220)
At risk payments	164,640	164,640	156,905	(7,735)
GED funding	7,859	7,859	7,859	-
K-3 Initiative	410,935	410,935	383,622	(27,313)
Standards of Learning algebra readiness	35,130	35,130	33,410	(1,720)
Career and Technical Education	17,244	17,244	15,506	(1,738)
English as a second language	72,159	72,159	49,958	(22,201)
VPSA technology funds	258,000	258,000	258,097	97
Other state funds	47,504	47,504	30,267	(17,237)
Total categorical aid	<u>\$ 23,301,109</u>	<u>\$ 23,301,109</u>	<u>\$ 21,967,136</u>	<u>\$ (1,333,973)</u>
Total revenue from the Commonwealth	<u>\$ 23,301,109</u>	<u>\$ 23,301,109</u>	<u>\$ 21,967,136</u>	<u>\$ (1,333,973)</u>
Revenue from the federal government:				
Categorical aid:				
ARRA SFSF Funds	\$ 2,576,828	\$ 3,339,319	\$ 2,506,081	\$ (833,238)
Title I	731,987	1,295,142	1,148,307	(146,835)
Title VI-B, special education flow-through	759,364	759,364	684,332	(75,032)
Revenue RTI Response to Intervention	-	10,000	10,000	-
Preschool Incentive 619A	29,733	29,733	33,291	3,558
Carl Perkins	64,170	64,170	62,816	(1,354)
Drug free schools	16,062	16,062	7,241	(8,821)
Title II, Technology	6,775	6,775	1,915	(4,860)
Title II, Teacher Quality	117,086	117,086	156,583	39,497
Title III, Limited English Proficiency	6,863	6,863	7,850	987
JROTC	56,193	56,193	55,920	(273)
Title V, Part A - Innovative programs	4,996	4,996	-	(4,996)
Total categorical aid	<u>\$ 4,370,057</u>	<u>\$ 5,705,703</u>	<u>\$ 4,674,336</u>	<u>\$ (1,031,367)</u>
Total revenue from the federal government	<u>\$ 4,370,057</u>	<u>\$ 5,705,703</u>	<u>\$ 4,674,336</u>	<u>\$ (1,031,367)</u>
Total School Operating Fund	<u>\$ 45,071,432</u>	<u>\$ 46,889,799</u>	<u>\$ 43,733,433</u>	<u>\$ (3,156,366)</u>
Employee Child Care Fund				
Intergovernmental revenues:				
Charges for services:				
USDA Reimbursements	\$ -	\$ -	\$ 4,959	\$ 4,959
Tuition Day Care	155,739	155,739	131,050	(24,689)
Registration fee Day Care	1,300	1,300	-	(1,300)
Total charges for services	<u>\$ 157,039</u>	<u>\$ 157,039</u>	<u>\$ 136,009</u>	<u>\$ (21,030)</u>
Total Employee Child Care Fund	<u>\$ 157,039</u>	<u>\$ 157,039</u>	<u>\$ 136,009</u>	<u>\$ (21,030)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
Adult Education Fund:				
Revenue from local sources:				
Charges for services:				
Charges for Education	\$ 31,963	\$ 31,963	\$ 44,803	\$ 12,840
Total revenue from local sources	\$ 31,963	\$ 31,963	\$ 44,803	\$ 12,840
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ 107,803	\$ 107,803	\$ 79,878	\$ (27,925)
Total revenue from the Commonwealth	\$ 107,803	\$ 107,803	\$ 79,878	\$ (27,925)
Revenue from the federal government:				
Categorical aid:				
Adult basic education	\$ 144,831	\$ 144,831	\$ 141,723	\$ (3,108)
Total revenue from the federal government	\$ 144,831	\$ 144,831	\$ 141,723	\$ (3,108)
Total Adult Education Fund	\$ 284,597	\$ 284,597	\$ 266,404	\$ (18,193)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 1,005,000	\$ 1,005,000	\$ 822,684	\$ (182,316)
Revenue from the use of money and property				
Revenue from the use of money	\$ 467	\$ 467	\$ 398	\$ (69)
Total revenue from local sources	\$ 1,005,467	\$ 1,005,467	\$ 823,082	\$ (182,385)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 22,432	\$ 22,432	\$ 23,734	\$ 1,302
Total revenue from the Commonwealth	\$ 22,432	\$ 22,432	\$ 23,734	\$ 1,302
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 726,853	\$ 732,853	\$ 928,648	\$ 195,795
Total revenue from the federal government	\$ 726,853	\$ 732,853	\$ 928,648	\$ 195,795
Total School Cafeteria Fund	\$ 1,754,752	\$ 1,760,752	\$ 1,775,464	\$ 14,712
Head Start Fund:				
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 923,204	\$ 1,033,871	\$ 1,033,871	\$ -
Head Start AARA Funds	-	517,934	324,990	(192,944)
Total revenue from the federal government	\$ 923,204	\$ 1,551,805	\$ 1,358,861	\$ (192,944)
Total Head Start Fund	\$ 923,204	\$ 1,551,805	\$ 1,358,861	\$ (192,944)
Total Discretely Presented Component Unit - School Board	\$ 48,191,024	\$ 50,643,992	\$ 47,270,171	\$ (3,373,821)

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

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 124,614	\$ 124,614	\$ 108,048	\$ 16,566
General and financial administration:				
County administrator	\$ 498,660	\$ 494,855	\$ 397,201	\$ 97,654
Legal services	65,740	65,740	35,099	30,641
County attorney	431,069	450,494	439,616	10,878
Human resources	154,369	188,444	128,554	59,890
Independent auditor	44,500	44,500	43,682	818
Commissioner of revenue	421,626	429,830	375,826	54,004
Treasurer	437,125	441,721	408,505	33,216
Finance	391,740	397,655	386,584	11,071
Data processing	453,463	478,973	459,240	19,733
Other general and financial administration	8,643	8,643	8,791	(148)
Total general and financial administration	<u>\$ 2,906,935</u>	<u>\$ 3,000,855</u>	<u>\$ 2,683,098</u>	<u>\$ 317,757</u>
Board of elections:				
Electoral board and officials	\$ 67,150	\$ 67,150	\$ 40,894	\$ 26,256
Registrar	154,243	154,243	135,257	18,986
Total board of elections	<u>\$ 221,393</u>	<u>\$ 221,393</u>	<u>\$ 176,151</u>	<u>\$ 45,242</u>
Total general government administration	<u>\$ 3,252,942</u>	<u>\$ 3,346,862</u>	<u>\$ 2,967,297</u>	<u>\$ 379,565</u>
Judicial administration:				
Courts:				
Circuit court	\$ 55,674	\$ 55,674	\$ 53,022	\$ 2,652
General district court	13,700	13,700	9,360	4,340
Special magistrates	4,855	4,855	1,981	2,874
Clerk of the circuit court	503,426	529,720	464,561	65,159
Sheriff	473,424	481,941	481,954	(13)
Total courts	<u>\$ 1,051,079</u>	<u>\$ 1,085,890</u>	<u>\$ 1,010,878</u>	<u>\$ 75,012</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 386,686	\$ 388,333	\$ 373,934	\$ 14,399
Total commonwealth's attorney	<u>\$ 386,686</u>	<u>\$ 388,333</u>	<u>\$ 373,934</u>	<u>\$ 14,399</u>
Total judicial administration	<u>\$ 1,437,765</u>	<u>\$ 1,474,223</u>	<u>\$ 1,384,812</u>	<u>\$ 89,411</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,689,179	\$ 2,836,536	\$ 2,707,835	\$ 128,701
E-911 and central dispatch	723,098	742,705	664,136	78,569
Victim Witness Program	62,720	62,826	61,255	1,571
Other law enforcement	23,038	33,076	29,696	3,380
Total law enforcement and traffic control	<u>\$ 3,498,035</u>	<u>\$ 3,675,143</u>	<u>\$ 3,462,922</u>	<u>\$ 212,221</u>

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

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public safety: (continued)				
Fire and rescue services:				
Volunteer fire departments	\$ 379,991	\$ 379,991	\$ 379,991	\$ -
Volunteer rescue departments	95,135	95,135	95,135	-
Emergency medical services	3,050,466	3,444,591	3,090,527	354,064
Other fire and rescue services	90,200	145,364	148,203	(2,839)
Total fire and rescue services	<u>\$ 3,615,792</u>	<u>\$ 4,065,081</u>	<u>\$ 3,713,856</u>	<u>\$ 351,225</u>
Correction and detention:				
Jointly operated institutions	\$ 1,091,512	\$ 1,091,512	\$ 1,003,405	\$ 88,107
Probation office	3,250	3,250	3,526	(276)
Total correction and detention	<u>\$ 1,094,762</u>	<u>\$ 1,094,762</u>	<u>\$ 1,006,931</u>	<u>\$ 87,831</u>
Inspections:				
Building	\$ 339,854	\$ 339,854	\$ 320,717	\$ 19,137
Total inspections	<u>\$ 339,854</u>	<u>\$ 339,854</u>	<u>\$ 320,717</u>	<u>\$ 19,137</u>
Other protection:				
Animal control	\$ 570,728	\$ 664,934	\$ 608,563	\$ 56,371
Medical examiner	1,200	1,200	180	1,020
Emergency services (civil defense)	87,128	65,528	41,522	24,006
Sludge monitor	1,100	1,100	309	791
Total other protection	<u>\$ 660,156</u>	<u>\$ 732,762</u>	<u>\$ 650,574</u>	<u>\$ 82,188</u>
Total public safety	<u>\$ 9,208,599</u>	<u>\$ 9,907,602</u>	<u>\$ 9,155,000</u>	<u>\$ 752,602</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 809,618	\$ 835,425	\$ 695,733	\$ 139,692
Total public works	<u>\$ 809,618</u>	<u>\$ 835,425</u>	<u>\$ 695,733</u>	<u>\$ 139,692</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 370,000	\$ 375,135	\$ 375,135	\$ -
Total health	<u>\$ 370,000</u>	<u>\$ 375,135</u>	<u>\$ 375,135</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 153,759	\$ 153,759	\$ 153,759	\$ -
Total mental health and mental retardation	<u>\$ 153,759</u>	<u>\$ 153,759</u>	<u>\$ 153,759</u>	<u>\$ -</u>
Welfare:				
Board of public welfare	\$ 3,000	\$ 2,500	\$ 1,200	\$ 1,300
Welfare funeral supplements	-	500	500	-
Comprehensive youth services act and administration	1,252,908	1,870,736	1,868,711	2,025
Virginia juvenile crime control act	39,320	39,320	34,467	4,853
Youth commission	34,693	43,093	41,827	1,266
Youth substance abuse programs	8,000	11,557	5,296	6,261
Tobacco settlement foundation	-	45,656	37,179	8,477

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

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Health and welfare: (continued)				
Welfare: (continued)				
Skyline CAP grant	\$ 5,000	\$ 3,363	\$ 3,309	\$ 54
At risk program	2,300	2,300	406	1,894
Project excel	4,948	4,948	2,200	2,748
Total welfare	<u>\$ 1,350,169</u>	<u>\$ 2,023,973</u>	<u>\$ 1,995,095</u>	<u>\$ 28,878</u>
Total health and welfare	<u>\$ 1,873,928</u>	<u>\$ 2,552,867</u>	<u>\$ 2,523,989</u>	<u>\$ 28,878</u>
Education:				
Other instructional costs:				
Contributions to Germanna Community College	\$ 5,424	\$ 5,424	\$ 5,424	-
Contribution to County School Board	17,218,370	17,518,370	16,561,386	956,984
Total education	<u>\$ 17,223,794</u>	<u>\$ 17,523,794</u>	<u>\$ 16,566,810</u>	<u>\$ 956,984</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 198,362	\$ 205,222	\$ 149,482	\$ 55,740
Recreation programs	39,810	40,710	27,105	13,605
Child Care	360,598	362,846	344,072	18,774
Total parks and recreation	<u>\$ 598,770</u>	<u>\$ 608,778</u>	<u>\$ 520,659</u>	<u>\$ 88,119</u>
Cultural enrichment:				
James Madison Memorial Foundation	\$ 3,000	\$ 3,000	\$ 3,000	-
Orange County Historical Society	2,500	2,500	2,500	-
Orange County Fair Association	3,500	3,500	3,500	-
Services to Abused Families	4,000	4,000	4,000	-
Other contributions	24,428	24,428	24,428	-
Total cultural enrichment	<u>\$ 37,428</u>	<u>\$ 37,428</u>	<u>\$ 37,428</u>	<u>\$ -</u>
Library:				
Orange County library	\$ 575,018	\$ 585,315	\$ 542,789	\$ 42,526
Wilderness library	247,278	241,812	233,409	8,403
Gordonsville library	131,259	126,645	107,054	19,591
Total library	<u>\$ 953,555</u>	<u>\$ 953,772</u>	<u>\$ 883,252</u>	<u>\$ 70,520</u>
Total parks, recreation, and cultural	<u>\$ 1,589,753</u>	<u>\$ 1,599,978</u>	<u>\$ 1,441,339</u>	<u>\$ 158,639</u>
Community development:				
Planning and community development:				
Planning & zoning	\$ 331,438	\$ 339,740	\$ 299,004	\$ 40,736
Planning district commission	21,149	21,149	21,102	47
Community development	34,000	480,000	480,000	-
Planning commission	34,200	49,700	24,897	24,803
Zoning appeals board	5,600	5,600	554	5,046
Economic development	77,122	127,842	41,236	86,606
Industrial Development Authority	150,665	150,665	150,665	-
Tourism	269,818	296,068	240,284	55,784
Total planning and community development	<u>\$ 923,992</u>	<u>\$ 1,470,764</u>	<u>\$ 1,257,742</u>	<u>\$ 213,022</u>

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

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Community development: (continued)				
Environmental management:				
Contribution to soil and water conservation district	\$ 61,382	\$ 61,382	\$ 61,382	\$ -
Virginia division of forestry	8,294	11,214	11,844	(630)
Total environmental management	<u>\$ 69,676</u>	<u>\$ 72,596</u>	<u>\$ 73,226</u>	<u>\$ (630)</u>
Cooperative extension program:				
VPI extension program	\$ 134,745	\$ 134,745	\$ 122,781	\$ 11,964
Total community development	<u>\$ 1,128,413</u>	<u>\$ 1,678,105</u>	<u>\$ 1,453,749</u>	<u>\$ 224,356</u>
Nondepartmental:				
Contingencies	\$ 325,000	\$ 62,238	-	\$ 62,238
Miscellaneous	141,613	71,527	64,989	6,538
Total nondepartmental	<u>\$ 466,613</u>	<u>\$ 133,765</u>	<u>\$ 64,989</u>	<u>\$ 68,776</u>
Total General Fund	<u>\$ 36,991,425</u>	<u>\$ 39,052,621</u>	<u>\$ 36,253,718</u>	<u>\$ 2,798,903</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 3,032,766	\$ 3,032,766	\$ 2,723,612	\$ 309,154
Total health and welfare	<u>\$ 3,032,766</u>	<u>\$ 3,032,766</u>	<u>\$ 2,723,612</u>	<u>\$ 309,154</u>
Total Virginia Public Assistance Fund	<u>\$ 3,032,766</u>	<u>\$ 3,032,766</u>	<u>\$ 2,723,612</u>	<u>\$ 309,154</u>
Asset Forfeiture Fund:				
Judicial Administration:				
Commonwealth's attorney:				
Commonwealth's attorney	\$ -	\$ 3,421	\$ 115	\$ 3,306
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ -	\$ 12,037	\$ 1,532	\$ 10,505
Total Asset Forfeiture fund	<u>\$ -</u>	<u>\$ 15,458</u>	<u>\$ 1,647</u>	<u>\$ 13,811</u>
Law Library Fund:				
Judicial administration				
Courts:				
Law library	\$ 5,000	\$ 5,000	\$ 1,341	\$ 3,659
Total Law Library	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 1,341</u>	<u>\$ 3,659</u>
Total Law Library Fund	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 1,341</u>	<u>\$ 3,659</u>

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

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 4,054,245	\$ 3,915,962	\$ 4,053,986	\$ (138,024)
Interest and other fiscal charges	3,805,268	4,490,665	3,994,632	496,033
Total School Debt Service Fund	<u>\$ 7,859,513</u>	<u>\$ 8,406,627</u>	<u>\$ 8,048,618</u>	<u>\$ 358,009</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Education:				
Contribution to Component Unit School Board	\$ -	\$ 177,721	\$ 177,721	\$ -
Capital projects expenditures:				
Business Park	\$ -	\$ 50,000	\$ -	\$ 50,000
Neighborhood Park	-	50,000	-	50,000
Reassessment	-	337,500	2,639	334,861
Library projects	172,081	1,039,571	867,992	171,579
School Capital Projects	417,000	249,400	-	249,400
Animal shelter	-	128,914	10,348	118,566
Public Works Projects	-	255,985	104,058	151,927
Water impoundment project	-	170,000	-	170,000
Wireless project	-	169,247	(1,023)	170,270
E911 and central dispatch	15,000	192,195	185,085	7,110
Fire & rescue projects	190,000	314,008	78,662	235,346
Fiscal Impact Study	30,000	111,905	40,730	71,175
Postal project	-	79,416	41,204	38,212
Force main installation	-	113,166	-	113,166
Nursing Home	-	475,417	476,705	(1,288)
Total capital projects	<u>\$ 824,081</u>	<u>\$ 3,736,724</u>	<u>\$ 1,806,400</u>	<u>\$ 1,930,324</u>
Total Capital Projects Fund	<u>\$ 824,081</u>	<u>\$ 3,914,445</u>	<u>\$ 1,984,121</u>	<u>\$ 1,930,324</u>
School Capital Projects Fund:				
Education:				
Contribution to Component Unit School Board	\$ -	\$ 118,914	\$ 118,914	\$ -
Capital projects expenditures:				
School construction/renovation	\$ -	\$ 33,876,716	\$ 24,185,275	\$ 9,691,441
Total capital projects	<u>\$ -</u>	<u>\$ 33,876,716</u>	<u>\$ 24,185,275</u>	<u>\$ 9,691,441</u>
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ 33,995,630</u>	<u>\$ 24,304,189</u>	<u>\$ 9,691,441</u>
Total Primary Government	<u>\$ 48,712,785</u>	<u>\$ 88,422,547</u>	<u>\$ 73,317,246</u>	<u>\$ 15,105,301</u>

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

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 70,658	\$ 70,658	\$ 48,622	\$ 22,036
Executive administration services	388,540	373,140	342,362	30,778
Personnel	226,404	226,404	186,866	39,538
Fiscal services	383,256	383,256	368,657	14,599
School nurses	320,515	320,515	318,263	2,252
School psychologist	156,626	156,626	152,305	4,321
Other administrative costs	74,594	170,541	158,279	12,262
Total administration of schools	<u>\$ 1,620,593</u>	<u>\$ 1,701,140</u>	<u>\$ 1,575,354</u>	<u>\$ 125,786</u>
Instruction costs:				
Elementary and secondary schools	\$ 25,584,220	\$ 26,816,205	\$ 25,552,743	\$ 1,263,462
Guidance services	879,792	880,792	830,382	50,410
Social worker services	69,583	69,583	72,079	(2,496)
Other instructional costs	1,938,847	1,892,548	1,394,371	498,177
Media services	712,538	709,799	691,354	18,445
Office of the principal	2,563,910	2,662,095	2,590,163	71,932
Total instruction costs	<u>\$ 31,748,890</u>	<u>\$ 33,031,022</u>	<u>\$ 31,131,092</u>	<u>\$ 1,899,930</u>
Operating costs:				
Pupil transportation	\$ 3,484,334	\$ 4,091,519	\$ 4,081,393	\$ 10,126
Operation and maintenance of school plant	6,279,077	4,672,920	4,415,301	257,619
Facilities	263,747	1,403,468	703,109	700,359
Technology	1,674,791	1,989,730	1,813,241	176,489
Total operating costs	<u>\$ 11,701,949</u>	<u>\$ 12,157,637</u>	<u>\$ 11,013,044</u>	<u>\$ 1,144,593</u>
Total Education	<u>\$ 45,071,432</u>	<u>\$ 46,889,799</u>	<u>\$ 43,719,490</u>	<u>\$ 3,170,309</u>
Total School Operating Fund	<u>\$ 45,071,432</u>	<u>\$ 46,889,799</u>	<u>\$ 43,719,490</u>	<u>\$ 3,170,309</u>
Employee Child Care Fund:				
Education:				
Instruction	\$ 157,039	\$ 157,039	\$ 141,731	\$ 15,308
Total Employee Child Care Fund	<u>\$ 157,039</u>	<u>\$ 157,039</u>	<u>\$ 141,731</u>	<u>\$ 15,308</u>
School Textbook Adoption Fund:				
Education:				
Instruction costs:				
Textbook Adoptions	\$ 250,000	\$ 250,000	\$ 215,291	\$ 34,709
Total education	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 215,291</u>	<u>\$ 34,709</u>
Total School Textbook Adoption Fund	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 215,291</u>	<u>\$ 34,709</u>

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

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue funds: (Continued)				
Adult Education Fund:				
Education:				
Instruction	\$ 296,238	\$ 296,238	\$ 273,952	\$ 22,286
Total Adult Education Fund	<u>\$ 296,238</u>	<u>\$ 296,238</u>	<u>\$ 273,952</u>	<u>\$ 22,286</u>
School Cafeteria Fund:				
Education:				
School food services				
Administration of school food program	\$ 1,818,111	\$ 1,824,111	\$ 1,804,470	\$ 19,641
Total School Cafeteria Fund	<u>\$ 1,818,111</u>	<u>\$ 1,824,111</u>	<u>\$ 1,804,470</u>	<u>\$ 19,641</u>
Head Start Fund:				
Education:				
Instruction	\$ 923,204	\$ 1,551,805	\$ 1,358,861	\$ 192,944
Total Head Start Fund	<u>\$ 923,204</u>	<u>\$ 1,551,805</u>	<u>\$ 1,358,861</u>	<u>\$ 192,944</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 48,516,024</u>	<u>\$ 50,968,992</u>	<u>\$ 47,513,795</u>	<u>\$ 3,455,197</u>

Statistical Section

<u>Contents</u>	<u>Tables</u>
Financial Trends These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 6
Revenue Capacity These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	7 - 10
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	11 - 12
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	13
Operating Information These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	14-15

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

COUNTY OF ORANGE, VIRGINIA

Net Assets by Component
 Last Eight Fiscal Years
 (accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 2,823,689	\$ 3,762,291	\$ 7,389,293
Unrestricted	<u>8,289,588</u>	<u>17,045,551</u>	<u>21,901,113</u>
Total governmental activities net assets	<u>\$ 11,113,277</u>	<u>\$ 20,807,842</u>	<u>\$ 29,290,406</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ -	\$ -	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Primary government			
Invested in capital assets, net of related debt	\$ 2,823,689	\$ 3,762,291	\$ 7,389,293
Unrestricted	<u>8,289,588</u>	<u>17,045,551</u>	<u>21,901,113</u>
Total primary government net assets	<u>\$ 11,113,277</u>	<u>\$ 20,807,842</u>	<u>\$ 29,290,406</u>

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34.

Table 1

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	9,363,277	4,870,909	6,899,872	5,816,416	6,973,273
	<u>24,799,517</u>	<u>23,236,212</u>	<u>22,349,138</u>	<u>21,206,936</u>	<u>19,826,534</u>
\$	<u><u>34,162,794</u></u>	<u><u>28,107,121</u></u>	<u><u>29,249,010</u></u>	<u><u>27,023,352</u></u>	<u><u>26,799,807</u></u>
\$	-	5,756,300	8,274,862	9,337,495	9,873,370
	<u>-</u>	<u>1,162,008</u>	<u>828,666</u>	<u>1,355,176</u>	<u>2,342,618</u>
\$	<u><u>-</u></u>	<u><u>6,918,308</u></u>	<u><u>9,103,528</u></u>	<u><u>10,692,671</u></u>	<u><u>12,215,988</u></u>
\$	9,363,277	10,627,209	15,174,734	15,153,911	16,846,643
	<u>24,799,517</u>	<u>24,398,220</u>	<u>23,177,804</u>	<u>22,562,112</u>	<u>22,169,152</u>
\$	<u><u>34,162,794</u></u>	<u><u>35,025,429</u></u>	<u><u>38,352,538</u></u>	<u><u>37,716,023</u></u>	<u><u>39,015,795</u></u>

**Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 1,790,631	\$ 1,646,727	\$ 2,341,890	\$ 2,763,001	\$ 3,003,694	\$ 3,387,068	\$ 5,107,926	\$ 4,859,717
Judicial administration	954,897	945,917	1,101,740	1,181,123	1,240,757	1,377,117	1,471,735	1,320,372
Public safety	4,033,313	4,585,509	5,393,425	6,247,025	8,695,463	8,715,289	9,951,868	10,017,491
Public works	1,635,586	1,063,492	1,880,492	1,539,839	1,218,688	616,698	800,019	679,892
Health & welfare	3,066,903	3,263,359	3,516,557	3,518,227	3,790,421	4,490,368	4,579,632	5,235,344
Education	16,140,469	17,949,742	11,331,591	18,215,899	17,154,592	20,282,099	20,716,819	19,675,748
Parks, recreation & cultural	1,587,098	1,768,321	1,968,330	2,189,340	2,583,963	2,646,279	1,766,622	1,645,909
Community development	1,147,338	861,578	665,415	1,720,063	2,167,702	1,737,481	1,542,893	1,506,794
Interest on long-term debt	3,060,620	2,790,069	2,635,335	2,810,123	2,617,981	2,690,659	2,629,414	3,749,091
Total governmental activities expenses	\$ 33,416,855	\$ 34,874,714	\$ 30,834,775	\$ 40,184,640	\$ 42,473,261	\$ 45,943,058	\$ 48,566,928	\$ 48,690,358
Business-type activities:								
Airport	\$ -	\$ -	\$ -	\$ -	\$ 488,408	\$ 568,900	\$ 548,514	\$ 733,545
Landfill	-	-	-	-	2,061,273	3,161,506	2,616,278	2,246,931
Total business-type activities expenses	\$ -	\$ -	\$ -	\$ -	\$ 2,549,681	\$ 3,730,406	\$ 3,164,792	\$ 2,980,476
Total primary government expenses	\$ 33,416,855	\$ 34,874,714	\$ 30,834,775	\$ 40,184,640	\$ 45,022,942	\$ 49,673,464	\$ 51,731,720	\$ 51,670,834
Program Revenues								
Governmental activities:								
Charges for services:								
Judicial administration	\$ 51,601	\$ 80,264	\$ 215,273	\$ 168,416	\$ 155,591	\$ 87,693	\$ 31,787	\$ 68,202
Public safety	174,905	664,997	893,633	985,938	911,715	960,636	1,267,967	1,512,408
Public works	267,471	403,609	358,607	502,646	543,931	292,287	166,136	-
Parks, recreation & cultural	615,252	737,063	816,855	967,809	1,084,077	1,012,648	522,889	432,304
Community development	3,825	816	3,189	2,960	-	-	-	505
Operating grants & contributions	4,121,566	4,421,239	4,775,102	5,132,282	5,805,572	5,568,166	5,791,917	6,034,820
Capital grants & contributions	1,581,316	331,373	1,418,746	1,709,449	1,114,046	878,745	661,450	625,490
Total governmental activities program revenues	\$ 6,815,936	\$ 6,639,361	\$ 8,481,405	\$ 9,469,500	\$ 9,614,932	\$ 8,800,175	\$ 8,442,146	\$ 8,673,729
Business-type activities:								
Charges for services:								
Airport	\$ -	\$ -	\$ -	\$ -	\$ 281,737	\$ 285,453	\$ 223,071	\$ 307,756
Landfill	-	-	-	-	452,795	531,189	317,267	255,400
Operating grants and contributions	-	-	-	-	622,321	1,766,434	965,798	538,546
Total business-type activities program revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,356,853	\$ 2,583,076	\$ 1,506,136	\$ 1,101,702
Total primary government program revenues	\$ 6,815,936	\$ 6,639,361	\$ 8,481,405	\$ 9,469,500	\$ 10,971,785	\$ 11,383,251	\$ 9,948,282	\$ 9,775,431
Net (expense) / revenue								
Governmental activities	\$ (26,600,919)	\$ (28,235,353)	\$ (22,353,370)	\$ (30,715,140)	\$ (32,858,329)	\$ (37,142,883)	\$ (40,124,782)	\$ (40,016,629)
Business-type activities	\$ -	\$ -	\$ -	\$ -	\$ (1,192,828)	\$ (1,147,330)	\$ (1,658,656)	\$ (1,878,774)
Total primary government net expense	\$ (26,600,919)	\$ (28,235,353)	\$ (22,353,370)	\$ (30,715,140)	\$ (34,051,157)	\$ (38,290,213)	\$ (41,783,438)	\$ (41,895,403)

**Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues & Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 18,606,397	\$ 29,538,450	\$ 21,598,071	\$ 23,299,421	\$ 25,212,472	\$ 28,715,860	\$ 30,690,664	\$ 31,599,974
Local sales & use taxes	1,685,245	1,835,213	1,941,534	2,073,563	2,102,596	2,065,302	1,825,239	1,679,256
Consumers' utility taxes	836,980	865,991	824,666	1,003,459	1,087,064	2,174,844	2,091,128	2,050,682
Consumption taxes	73,830	101,583	78,857	122,586	87,131	88,810	91,249	90,711
Cable franchise taxes	49,605	51,518	57,292	61,553	71,315	-	-	-
E-911 taxes	378,939	362,019	394,164	355,080	188,853	-	-	-
Cellular phone taxes	212,948	261,143	323,304	313,258	193,332	-	-	-
Motor vehicle license taxes	561,490	583,312	617,435	648,453	35,106	626,497	662,465	677,609
Taxes on recordation & wills	360,837	439,586	818,847	1,180,858	794,539	699,013	471,439	455,274
Restaurant food taxes	332,144	340,754	409,958	429,096	541,263	540,904	514,019	510,629
Other local taxes	144,306	83,040	102,631	92,602	84,397	93,386	83,338	115,720
Permits, privilege fees, & regulatory licenses	366,971	-	-	-	-	-	-	-
Unrestricted revenues from use of money & property	841,844	484,998	630,817	1,285,767	1,414,945	2,091,066	1,006,373	1,974,347
Miscellaneous	304,424	221,720	297,771	1,508,103	195,531	676,056	690,938	580,009
Unrestricted grants & contributions	2,667,730	2,760,591	2,810,083	3,213,729	2,870,001	3,024,981	2,974,228	2,978,545
Transfers	-	-	-	-	(3,087,955)	(2,485,976)	(3,201,956)	(3,295,789)
Total governmental activities	\$ 27,423,690	\$ 37,929,918	\$ 30,905,430	\$ 35,587,528	\$ 31,790,590	\$ 38,310,743	\$ 37,899,124	\$ 39,416,967
Business-type activities:								
Unrestricted revenues from use of money & property	\$ -	\$ -	\$ -	\$ -	\$ 35,247	\$ 33,880	\$ 40,775	\$ -
Miscellaneous	-	-	-	-	-	-	5,068	106,302
Transfers	-	-	-	-	3,087,955	2,485,976	3,201,956	3,295,789
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ 3,123,202	\$ 2,519,856	\$ 3,247,799	\$ 3,402,091
Total primary government	\$ 27,423,690	\$ 37,929,918	\$ 30,905,430	\$ 35,587,528	\$ 34,913,792	\$ 40,830,599	\$ 41,146,923	\$ 42,819,058
Change in Net Assets								
Governmental activities	\$ 822,771	\$ 9,694,565	\$ 8,552,060	\$ 4,872,388	\$ (1,067,739)	\$ 1,167,860	\$ (2,225,658)	\$ (599,662)
Business-type activities	-	-	-	-	1,930,374	1,372,526	1,589,143	1,523,317
Total primary government	\$ 822,771	\$ 9,694,565	\$ 8,552,060	\$ 4,872,388	\$ 862,635	\$ 2,540,386	\$ (636,515)	\$ 923,655

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34

COUNTY OF ORANGE, VIRGINIA

Governmental Activities Tax Revenues by Source
 Last Eight Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Consumption Tax	Cable Franchise Tax (1)	E-911 Tax (1)
2010	\$ 31,599,974	\$ 1,679,256	\$ 2,050,682	\$ 90,711	\$ -	\$ -
2009	30,690,664	1,825,239	2,091,128	91,249	-	-
2008	28,715,860	2,065,302	2,174,844	88,810	-	-
2007	25,212,472	2,102,596	1,087,064	87,131	71,315	188,853
2006	23,299,421	2,073,563	1,003,459	122,586	61,553	355,080
2005	21,598,071	1,941,534	824,666	78,857	57,292	394,164
2004	29,538,450	1,835,213	865,991	101,583	51,518	362,019
2003	18,606,397	1,685,245	836,980	73,830	49,605	378,939

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34

(1) In 2007 the State started collecting these taxes and returned them to the county in the form of communications tax.

Table 3

Cellular Phone Tax (1)	Motor Vehicle Tax	Taxes on Recordation and Wills	Restaurant Food Tax	Other Local Tax	Total
\$ -	\$ 677,609	\$ 455,274	\$ 510,629	\$ 115,720	\$ 37,179,855
-	662,465	471,439	514,019	83,338	36,429,541
-	626,497	699,013	540,904	93,386	35,004,616
193,332	35,106	794,539	541,263	84,397	30,398,068
313,258	648,453	1,180,858	429,096	92,602	29,579,929
323,304	617,435	818,847	409,958	102,631	27,166,759
261,143	583,312	439,586	340,754	83,040	34,462,609
212,948	561,490	360,837	332,144	144,306	23,242,721

COUNTY OF ORANGE, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General fund				
Reserved	\$ -	\$ -	\$ -	-
Unreserved	<u>7,504,970</u>	<u>8,063,111</u>	<u>9,409,239</u>	<u>18,830,090</u>
Total general fund	<u>\$ 7,504,970</u>	<u>\$ 8,063,111</u>	<u>\$ 9,409,239</u>	<u>\$ 18,830,090</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	1,372,806
Unreserved, reported in:				
Special revenue funds	187,363	273,985	276,989	581,870
Debt service funds	-	-	-	-
Capital projects funds	<u>27,386</u>	<u>332,158</u>	<u>30,777,443</u>	<u>7,999,083</u>
Total all other governmental funds	<u>\$ 214,749</u>	<u>\$ 606,143</u>	<u>\$ 31,054,432</u>	<u>\$ 9,953,759</u>

Table 4

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ -	\$ 10,299,878	\$ 10,926,181	\$ 11,924,047	\$ -	\$ -
<u>21,251,381</u>	<u>8,763,365</u>	<u>7,106,515</u>	<u>6,010,892</u>	<u>15,756,672</u>	<u>17,204,546</u>
<u>\$ 21,251,381</u>	<u>\$ 19,063,243</u>	<u>\$ 18,032,696</u>	<u>\$ 17,934,939</u>	<u>\$ 15,756,672</u>	<u>\$ 17,204,546</u>
\$ 2,415,367	\$ 3,427,367	\$ 2,265,476	\$ 1,371,161	\$ 34,667,985	\$ 10,052,344
399,756	915,799	126,342	238,715	400,645	487,893
-	-	-	-	1,209,197	489,312
<u>4,146,299</u>	<u>5,727,834</u>	<u>4,536,111</u>	<u>21,400,988</u>	<u>3,699,353</u>	<u>2,810,885</u>
<u>\$ 6,961,422</u>	<u>\$ 10,071,000</u>	<u>\$ 6,927,929</u>	<u>\$ 23,010,864</u>	<u>\$ 39,977,180</u>	<u>\$ 13,840,434</u>

COUNTY OF ORANGE, VIRGINIA

Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years (1)
 (modified accrual basis of accounting)

	2001	2002	2003	2004
Revenues				
General property taxes	\$ 15,985,943	\$ 17,737,805	\$ 18,608,288	\$ 28,630,362
Other local taxes	3,519,140	3,900,642	4,636,324	4,924,159
Permits, privilege fees and regulatory licenses	287,435	364,980	366,971	465,707
Fines and forfeitures	2,224	2,096	11,151	1,049
Revenue from use of money and property	607,679	427,588	841,844	484,998
Charges for services	758,442	732,674	1,101,903	1,419,993
Miscellaneous	217,186	250,355	304,424	221,720
Recovered costs	46,374	80,030	148,211	299,298
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	5,326,096	6,132,571	6,093,544	5,895,673
Federal	1,242,429	2,167,139	2,277,068	1,617,530
Total revenues	<u>\$ 27,992,948</u>	<u>\$ 31,795,880</u>	<u>\$ 34,389,728</u>	<u>\$ 43,960,489</u>
Expenditures				
General government administration	\$ 1,247,076	\$ 1,488,064	\$ 1,541,731	\$ 1,659,099
Judicial administration	923,268	939,362	950,529	965,949
Public safety	3,461,309	3,567,000	3,906,290	4,324,133
Public works	1,053,114	1,264,432	1,390,671	1,438,725
Health and welfare	2,757,452	3,178,928	3,035,056	3,458,184
Education	17,410	10,327	14,304,597	12,994,395
Parks, recreation and cultural	1,090,027	1,184,210	1,523,280	1,692,525
Community development	843,658	828,212	1,215,602	963,910
Nondepartmental	20,143	12,993	9,916	20,485
Capital projects	1,334,088	3,584,611	22,058,313	21,895,739
Debt service				
Principal	310,417	255,190	3,438,996	3,351,197
Interest and other fiscal charges	224,986	206,618	2,660,482	2,875,970
Bond Issue Costs	-	-	-	-
Total expenditures	<u>\$ 13,282,948</u>	<u>\$ 16,519,947</u>	<u>\$ 56,035,463</u>	<u>\$ 55,640,311</u>
Excess of revenues over (under) expenditures	<u>\$ 14,710,000</u>	<u>\$ 15,275,933</u>	<u>\$ (21,645,735)</u>	<u>\$ (11,679,822)</u>
Other financing sources (uses)				
Transfers in	\$ 1,346,420	\$ 1,294,372	\$ 3,349,787	\$ 3,140,289
Transfers out	(15,293,376)	(16,920,770)	(3,349,787)	(3,140,289)
Bonds issued	-	1,300,000	28,046,200	-
Premium on bonds issued	-	-	-	-
Proceeds on Capital Leases	-	-	-	-
Refunding of bonds	-	-	-	-
Discount on lease revenue and refunding bonds	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>\$ (13,946,956)</u>	<u>\$ (14,326,398)</u>	<u>\$ 28,046,200</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ 763,044</u>	<u>\$ 949,535</u>	<u>\$ 6,400,465</u>	<u>\$ (11,679,822)</u>
Debt service as a percentage of noncapital expenditures	4.481%	3.570%	17.952%	18.454%

(1) Beginning with fiscal year 2003, all debt previously reflected as debt belonging to the component unit-school board, the primary government in accordance is now reflected as part of with legislation passed by the Virginia General Assembly.

Table 5

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	21,705,461	\$ 23,602,447	\$ 25,565,511	\$ 28,258,629	\$ 30,505,130	\$ 31,547,517
	5,568,688	6,280,508	5,185,596	6,288,756	5,738,877	5,579,881
	675,005	623,031	550,158	306,181	178,415	171,857
	1,102	1,422	1,956	407	260	38,798
	630,817	1,285,767	1,414,945	2,089,726	1,006,373	1,974,347
	1,611,450	2,003,316	2,143,200	2,046,676	1,810,104	1,802,764
	297,771	1,508,103	195,531	676,056	720,399	580,009
	219,577	286,981	60,490	171,527	163,170	214,018
	-	36,269	-	-	-	-
	6,174,105	6,966,667	6,692,331	7,004,007	7,288,382	7,669,016
	2,829,826	3,052,524	3,097,288	2,469,225	2,139,213	1,969,839
\$	<u>39,713,802</u>	<u>\$ 45,647,035</u>	<u>\$ 44,907,006</u>	<u>\$ 49,311,190</u>	<u>\$ 49,550,323</u>	<u>\$ 51,548,046</u>
\$	1,979,038	\$ 2,268,798	\$ 2,621,032	\$ 2,936,254	\$ 3,334,401	\$ 2,967,297
	1,099,273	1,174,246	1,283,875	1,407,439	1,485,689	1,386,268
	5,524,201	6,294,257	8,253,771	8,476,543	9,046,350	9,156,532
	1,714,695	2,061,668	613,288	697,084	932,482	695,733
	3,516,108	3,492,498	3,774,708	4,482,198	4,550,477	5,247,601
	12,380,334	15,352,687	15,406,279	17,148,492	17,726,509	16,863,445
	1,891,866	2,145,518	2,514,024	2,650,633	1,750,969	1,441,339
	1,077,812	1,362,168	2,146,077	1,681,742	1,541,267	1,453,749
	22,496	75,188	1,386	1,929	70,641	64,989
	6,330,765	5,611,190	2,447,742	12,756,559	17,978,293	25,991,675
	2,003,081	3,320,548	2,825,416	3,011,120	3,528,930	4,053,986
	2,675,684	2,554,408	2,914,272	2,574,325	2,849,764	3,994,632
	-	-	-	636,298	161,844	-
\$	<u>40,215,353</u>	<u>\$ 45,713,174</u>	<u>\$ 44,801,870</u>	<u>\$ 58,460,616</u>	<u>\$ 64,957,616</u>	<u>\$ 73,317,246</u>
\$	<u>(501,551)</u>	<u>(66,139)</u>	<u>105,136</u>	<u>(9,149,426)</u>	<u>(15,407,293)</u>	<u>(21,769,200)</u>
\$	4,996,596	\$ 6,090,826	\$ 6,891,911	\$ 9,288,064	\$ 8,694,491	\$ 9,086,109
	(4,996,596)	(6,090,826)	(9,979,866)	(11,774,040)	(11,896,447)	(12,381,898)
	-	15,214,434	-	5,220,000	30,550,000	-
	-	773,145	-	280,267	2,847,298	-
	-	-	-	1,644,968	-	-
	-	(15,000,000)	-	31,235,000	-	-
	-	-	-	(724,544)	-	-
	-	-	-	(10,359,432)	-	-
\$	<u>-</u>	<u>\$ 987,579</u>	<u>\$ (3,087,955)</u>	<u>\$ 24,810,283</u>	<u>\$ 30,195,342</u>	<u>\$ (3,295,789)</u>
\$	<u>(501,551)</u>	<u>\$ 921,440</u>	<u>\$ (2,982,819)</u>	<u>\$ 15,660,857</u>	<u>\$ 14,788,049</u>	<u>\$ (25,064,989)</u>
	13.808%	14.650%	13.552%	12.221%	15.711%	20.804%

COUNTY OF ORANGE, VIRGINIA

General Governmental Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Consumption Tax (1)	Cable Franchise Tax	E-911 Tax
2010	\$ 31,547,517	\$ 1,679,256	\$ 2,050,682	\$ 90,711	\$ 38	\$ 1,203
2009	30,505,130	1,825,239	2,091,128	91,249	-	90
2008	28,258,629	2,065,302	2,174,844	88,810	-	170
2007	25,565,510	2,102,596	1,087,064	87,131	71,315	188,853
2006	23,602,447	2,073,563	1,003,459	122,586	61,553	355,080
2005	21,705,461	1,941,534	824,666	78,857	57,292	394,164
2004	28,630,362	1,835,213	865,991	101,583	51,518	362,019
2003	18,608,288	1,685,245	836,980	73,830	49,605	378,939
2002	17,737,805	1,555,929	964,532	70,267	45,192	360,909
2001	15,985,943	1,427,501	893,170	33,221	33,941	328,533
2000	15,672,480	1,292,171	775,110	-	42,368	212,080

(1) Fiscal year 2001 was the first year County collected this tax.

(2) Fiscal year 2003 was the first year County collected this tax.

(3) Fiscal year 2002 was the first year County collected this tax.

Table 6

Cellular Phone Tax (2)	Motor Vehicle Tax	Taxes on Recordation and Wills	Restaurant Food Tax (3)	Other Local Tax	Total
\$ -	\$ 677,609	\$ 455,274	\$ 510,629	\$ 114,479	\$ 37,127,398
-	662,465	471,439	514,019	83,248	36,244,007
-	626,497	699,013	540,904	93,216	34,547,385
193,332	35,106	794,539	541,263	84,397	30,751,106
313,258	648,453	1,180,858	429,096	92,602	29,882,955
323,304	617,435	818,847	409,958	102,631	27,274,149
261,143	583,312	439,586	340,754	83,040	33,554,521
212,948	561,490	360,837	332,144	144,306	23,244,612
-	537,583	196,502	91,669	78,059	21,638,447
-	507,556	144,537	-	150,681	19,505,083
-	393,142	128,791	-	126,510	18,642,652

COUNTY OF ORANGE, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Real Estate (1)</u>	<u>Personal Property (3)</u>	<u>Business Equipment (8)</u>	<u>Mobile Homes</u>	<u>Machinery and Tools (3)</u>	<u>Merchants' Capital</u>
2010	2009	\$ 5,601,842,400	\$ 227,694,111	\$ 32,970,619	\$ 6,142,616	\$ 51,910,995	\$ 38,197,251
2009	2008	5,567,913,400	351,899,437	-	6,073,710	62,542,275	38,635,793
2008	2007	5,447,028,351	324,623,641	-	6,376,260	67,804,289	38,535,558
2007	2006	2,297,694,000	303,837,917	-	7,391,460	59,068,436	37,568,681
2006	2005	2,147,581,100	274,370,387	-	7,604,983	60,500,467	34,972,515
2005	2004	2,030,918,100	241,849,727	-	7,839,828	56,029,585	34,901,761
2004	2003	1,126,450,400	238,340,298	-	8,229,190	60,485,416	34,456,222
2003	2002	954,336,310	227,399,469	-	8,164,670	69,101,175	29,936,736
2002	2001	920,966,410	88,755,039	-	7,501,740	23,971,220	31,433,053
2001	2000	891,611,416	82,835,323	-	6,979,010	24,372,602	31,168,004

- (1) Real estate is assessed at 100% of fair market value.
- (2) Assessed values are established by the State Corporation Commission.
- (3) Personal property is assessed at 100% of fair market value as of January 1, 2002, prior assessments at 40% of fair market value.
- (4) Property not taxed prior to January 1, 2002.
- (5) Property not taxed prior to January 1, 2003.
- (6) Board of Supervisors voted to no longer tax during the 2003-04 fiscal year.
- (7) Property not taxed prior to January 1, 2005.
- (8) Property was included in personal property prior to 2009.

Source: Commissioner of Revenue

Table 7

	<u>Farm Machinery (4,6)</u>	<u>Airplanes (4)</u>	<u>Boats (5)</u>	<u>Logging Equipment (7)</u>	<u>Public Service (2)</u>	<u>Total Taxable Assessed Value</u>
\$	-	\$ 3,814,495	\$ 9,737,873	\$ -	\$ 141,014,893	\$ 6,113,325,253
	-	3,711,290	11,582,732	-	135,209,462	6,177,568,099
	-	3,403,890	9,652,980	-	138,595,709	6,036,020,678
	-	3,688,380	9,291,537	-	70,611,891	2,789,152,302
	-	2,136,935	8,162,686	-	105,125,010	2,640,454,083
	-	1,248,935	7,377,229	-	119,547,772	2,499,712,937
	-	1,294,555	7,131,398	-	120,493,960	1,596,881,439
	7,529,625	1,499,940	-	-	101,918,634	1,399,886,559
	-	-	-	-	103,579,420	1,176,206,882
	-	-	-	-	98,777,188	1,135,743,543

**Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Years	Direct Rates											
	Real Estate	Personal Property (2)	Mobile Homes	Machinery and Tools (2)	Merchants' Capital	Farm Machinery	Business Equipment	Heavy Equipment	RVs	Airplanes	Boats	Logging Equipment
2010	\$ 0.490	\$ 3.270	\$ 0.490	\$ 1.831	\$ 0.400	-	\$ 2.20	\$ 2.20	\$ 2.09	\$ 0.700	\$ 2.090	-
2009	0.470	3.270	0.470	1.831	0.400	-	2.20	-	-	0.700	2.090	-
2008	0.470	2.200	0.470	1.831	0.400	-	-	-	-	0.550	1.650	-
2007	0.420	2.200	0.420	1.831	0.400	-	-	-	-	0.550	1.650	-
2006	0.870	2.200	0.870	1.831	0.400	-	-	-	-	0.550	1.650	-
2005	0.840	2.200	0.840	1.831	0.400	-	-	-	-	0.550	1.650	0.920
2004	0.840	2.200	0.840	1.831	0.400	-	-	-	-	0.550	1.650	-
2003	0.810	2.200	0.810	1.831	0.400	2.200	-	-	-	2.200	1.650	-
2002	0.870	2.200	0.870	1.831	0.400	2.200	-	-	-	2.200	2.200	-
2001	0.850	5.500	0.850	5.500	0.400	2.200	-	-	-	5.500	2.200	-

(1) Per \$100 of assessed value

(2) In fiscal year 2003, assessments for personal property taxes changed from 40% to 100% of value base.

**Principal Property Taxpayers
Current Year and the Period Nine Years Prior**

Taxpayer	Type Business	Fiscal Year 2010		Fiscal Year 2001	
		2010 Assessed Valuation (1)	% of Total Assessed Valuation	2001 Assessed Valuation (1)	% of Total Assessed Valuation
Aerojet General Corp	Manufacturing	\$ 23,225,600	25.96%	\$ -	0.00%
Holtzbrinck Publishers	Book Distributor	19,308,900	21.58%	16,290,400	41.05%
Orange Village	Shopping Center	9,429,300	10.54%	4,663,500	11.75%
American Woodmark	Manufacturing	6,725,400	7.52%	3,663,500	9.23%
PMC Distribution	Manufacturing	5,887,300	6.58%	1,722,700	4.34%
Angela's Properties	Housing	5,330,500	5.96%	-	0.00%
General Shale	Manufacturing	5,500,100	6.15%	3,421,100	8.62%
Schooler Prop of Wilderness	Shopping Center	4,872,800	5.45%	2,790,700	7.03%
Oakbrook Terrace	Housing	4,661,000	5.21%	3,911,500	9.86%
One America Place	Manufacturing	4,523,300	5.06%	3,217,700	8.11%
		<u>\$ 89,464,200</u>	<u>100.00%</u>	<u>\$ 39,681,100</u>	<u>100.00%</u>

Note: Companies/entities with no amounts for fiscal year 2001 were not located in the County during that fiscal year.

Source: Commissioner of Revenue

(1) Amounts provided for real estate assessments only.

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$	\$		\$	\$	
2009	31,114,223	29,624,406	95.21%	-	30,616,453	98.40%
2008	28,931,323	28,369,702	98.06%	250,006	28,670,568	99.10%
2007	25,148,884	24,720,477	98.30%	300,866	25,021,344	99.49%
2006	23,323,620	22,722,591	97.42%	356,933	23,079,524	98.95%
2005	21,643,012	21,022,481	97.13%	384,678	21,409,196	98.92%
2004	31,352,454	30,334,042	96.75%	912,071	31,246,113	99.66%
2003	20,899,564	20,395,286	97.59%	444,663	20,839,949	99.71%
2002	19,950,271	19,426,446	97.37%	478,793	19,905,239	99.77%
2001	17,214,826	16,764,785	97.39%	412,707	17,177,492	99.78%
2000	16,266,352	15,779,859	97.01%	485,533	16,265,392	99.99%

Source: Commissioner of Revenue, County Treasurer's office

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (2)**

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other Notes/Bonds	Capital Leases			
2010	\$ 73,209,104	\$ -	\$ 29,589,064	\$ 1,657,766	\$ 104,455,934	10.23%	\$ 3,061
2009	76,354,106	-	29,836,524	2,136,850	108,327,480	10.93%	3,269
2008	45,920,518	-	29,997,222	2,594,984	78,512,724	8.25%	2,383
2007	43,021,209	-	9,900,000	894,582	53,815,791	5.94%	1,715
2006	45,569,781	-	9,900,000	1,281,452	56,751,233	6.83%	1,937
2005	32,543,400	-	24,900,000	1,640,802	59,084,202	7.11%	2,017
2004	34,148,800	43,800	24,900,000	1,977,483	61,070,083	7.50%	2,128
2003	37,141,200	87,100	24,900,000	2,292,980	64,421,280	8.80%	2,326
2002	35,420,000	130,400	1,675,000	2,588,677	39,814,077	5.62%	1,464
2001	1,765,000	-	-	1,578,673	3,343,673	0.49%	126

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (1) See the Schedule of Demographic and Economic Statistics - Table 13
- (2) Section 15.2-1800.1, Code of Virginia, 1950, as amended, was enacted during the year ended June 30, 2002, which affected the reporting of local school capital assets and related debt for financial statement purposes. All debt historically reported by the Discretely Presented Component Unit - School Board has been assumed by the Primary Government as a result of this legislation.

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2010	\$ 102,404,572	\$ 489,312	\$ 101,915,260	1.67%	\$ 2,986
2009	106,190,630	1,209,197	104,981,433	1.72%	3,168
2008	75,917,740	1,371,161	74,546,579	1.21%	2,263
2007	52,921,209	2,265,476	50,655,733	0.76%	1,614
2006	55,469,781	3,427,367	52,042,414	1.89%	1,776
2005	57,443,400	2,415,367	55,028,033	2.16%	1,878
2004	59,092,600	1,372,806	57,719,794	2.40%	2,011
2003	62,128,300	-	62,128,300	3.00%	2,243
2002	37,225,400	-	37,225,400	2.04%	1,369
2001	1,765,000	-	1,765,000	0.10%	66

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7.

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2010	34,127	\$ 1,020,943,332	\$ 29,916	40-44.8	5,112	7.70%
2009	33,139	991,386,324	29,916	40-44.8	5,077	3.20%
2008	32,942	951,101,424	28,872	40-44.8	4,411	2.90%
2007	31,387	906,205,464	28,872	40-44.9	4,411	2.90%
2006	29,300	830,772,200	28,354	40-44.9	4,616	2.80%
2005	29,300	830,772,200	28,354	40-44.9	4,616	2.80%
2004	28,700	813,759,800	28,354	40-44.9	4,298	3.10%
2003	27,700	732,166,400	26,432	40-44.9	4,090	3.80%
2002	27,200	708,668,800	26,054	40-44.9	3,988	4.40%
2001	26,600	686,918,400	25,824	40-44.9	3,955	2.70%

Source: Weldon Cooper Center, Annual school report - prepared by the county, www.fedstats.gov

**Principal Employers
Current Year and Nine Years Ago**

Employer	Fiscal Year 2010			Fiscal Year 2001		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Orange County School Board (1)	758	1	8.07%	750	1	10.04%
Germanna Community College (2), (3)	530	2	5.65%	362	2	4.85%
MPS (2), (4)	326	3	3.47%	305	3	4.08%
County of Orange (2), (3)	277	4	2.95%	240	6	3.21%
Orange County Nursing Home (3)	276	5	2.94%	201	8	2.69%
Battlefield Farms (3)	186	6	1.98%	80	10	1.07%
American Woodmark Corporation (2)	159	7	1.69%	300	4	4.02%
American Press (3)	150	8	1.60%	250	5	3.35%
Food Lion (3)	147	9	1.57%	115	9	1.54%
PBM Products	138	10	1.47%	13	13	0.17%
Ridgid Tool Manufacturing (3)	131	11	1.40%	211	7	2.82%
Aerojet General Corporation (3), (4)	131	12	1.40%	48	11	0.64%
Zamma	125	13	1.33%	45	12	0.60%
Totals	3,334		35.51%	2,920		39.09%
Total County employment	9,388			7,470		

Source: Virginia Employment Commission, Virginia Electronic Labor Market Access

- (1) Employment numbers given as range of 500 to 999 employees, with midpoint used for table above.
- (2) Employment numbers given as range of 250 to 499 employees, with midpoint used for table above.
- (3) Employment numbers given as range of 100 to 249 employees, with midpoint used for table above.
- (4) Employer did not make the top 50 listing for both fiscal years provided, due to relocation, closing, or changes in employment levels.

**Operating Indicators by Function
Last Ten Fiscal Years**

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Sheriffs department: (1)										
Physical arrests	389	871	917	945	976	331	1,059	996	847	840
Traffic violations	606	1,696	1,636	1,889	1,894	320	1,328	2,294	3,260	3,320
Civil papers	6,794	11,086	11,204	11,977	11,068	3,893	11,361	11,648	11,920	11,051
Fire and rescue:										
Number of calls answered	5,204	5,354	5,477	5,131	5,248	4,174	5,281	5,385	4,686	5,696
Building inspections:										
Permits issued	1,029	968	1,088	1,240	1,514	980	1,207	985	675	679
Animal control:										
Number of calls answered (1)	11,479	23,619	22,161	21,508	25,162	8,370	947	767	658	1,213
Public works										
General maintenance:										
Trucks/vehicles	9	10	12	12	13	15	15	16	3	3
Landfill:										
Refuse collected (tons/day)	n/a	28,980	38,583	44,211	56,600	71,866	76,656	47,762	44,914	35,946
Recycling (tons/day)	n/a	n/a	n/a	n/a	876	881	n/a	4,035	2,343	2,076
Health and welfare										
Department of Social Services:										
Caseload	n/a	n/a	2,077	3,003	2,700	3,084	n/a	n/a	4,035	3,466
Culture and recreation										
Parks and recreation:										
After-school program participants	160	221	226	274	315	360	379	461	-	177
Youth sports participants	684	792	938	915	1,262	866	1,139	1,864	364	439
Community development										
Planning:										
Zoning permits issued	844	784	831	1,079	1,276	695	764	497	337	355
Component Unit - School Board										
Education:										
School age population	3,955	3,988	4,090	4,298	4,616	n/a	4,900	5,041	5,103	5,112
Number of teachers	279	294	314	316	347	n/a	390	386	388	391
Local expenditures per pupil	2,840	3,033	3,078	3,388	3,006	n/a	3,280	3,418	3,458	n/a
Employee Population										
General Administration	n/a	38	35	38						
Judicial Administration	n/a	23	23	23						
Public Safety	n/a	109	114	126						
Public Works	n/a	8	6	8						
Health and Welfare	n/a	3	2	3						
Education	n/a	-	-	-						
Parks, recreation, and cultural	n/a	90	58	62						
Community Development	n/a	13	10	10						
Non-departmental	n/a	-	-	-						
Airport	n/a	5	4	4						
Landfill	n/a	36	34	36						
Capital Assets										
General Administration	n/a	11,043,280	30,664,369	28,466,219						
Judicial Administration	n/a	15,023	10,611	6,740						
Public Safety	n/a	2,585,021	3,867,259	3,266,350						
Public Works	n/a	33,988	37,087	32,152						
Health and Welfare	n/a	-	-	-						
Education	n/a	-	-	-						
Parks, recreation, and cultural	n/a	184,996	197,236	68,330						
Community Development	n/a	5,505,549	257,021	203,918						
Non-departmental	n/a	-	4,827,679	5,497,918						
Airport	n/a	5,596,081	5,809,127	9,587,933						
Landfill	n/a	43,790	92,572	285,437						

Source: Individual county departments

(1) Statistics available on calendar year, rather than fiscal year.

n/a Not available

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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 Orange, Virginia
Orange, Virginia**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Orange, Virginia's basic financial statements and have issued our report thereon dated December 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Robinson, Farmer, Co. Associates
Charlottesville, Virginia
December 28, 2010

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

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

Compliance

We have audited the County of Orange, 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 the County of Orange, Virginia's major federal programs for the year ended June 30, 2010. The County of Orange, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Orange, Virginia's management. Our responsibility is to express an opinion on the County of Orange, Virginia's compliance based on our audit.

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

As described in item 2010-1 in the accompanying schedule of findings and questioned costs, the County of Orange, Virginia did not comply with requirements regarding the subrecipient monitoring that are applicable to its Highway Planning and Construction Program. Compliance with such requirements is necessary, in our opinion, for the County of Orange, Virginia to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County of Orange, Virginia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

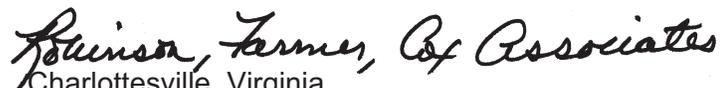
Management of the County of Orange, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Orange,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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-1. A significant deficiency in internal control over compliance is a deficiency, or 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.

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

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


Charlottesville, Virginia
December 28, 2010

COUNTY OF ORANGE, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Direct Payments:			
Head start (Head Start Cluster)	93.600	N/A	\$ 1,033,871
ARRA-Head start (Head Start Cluster)	93.708	N/A	324,990
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 14,643
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	174,818
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	967
Low Income Home Energy Assistance	93.568	0600409/0600410	10,875
Child Care and Development Block Grant (Child Care Cluster)	93.575	0770109/0770110	165,397
Child Care Mandatory and Matching funds of the Child Care and Development Fund (Child Care Cluster)	93.596	0760109/0760110	89,173
ARRA-Child Care and Development Block Grant (Child Care Cluster)	93.713	0740109/0780109	61,571
Child Welfare Services - State Grants	93.645	0900109/0900110	545
Foster Care - Title IV-E (Foster care cluster)	93.658	1100109/1100110	220,535
ARRA-Foster Care - Title IV-E (Foster Care Cluster)	93.658	1100109/1100110	21,420
Adoption Assistance (Adoption Assistance Cluster)	93.659	1120109/1120110	37,215
ARRA-Adoption Assistance (Adoption Assistance Cluster)	93.659	1120109/1120110	4,072
Social Services Block Grant	93.667	1000109/1000110	67,529
Chafee Foster Care Independence Program	93.674	9150108/9150109/9150110	1,563
Children's Health Insurance Program	93.767	0540109/0540110	11,740
Medical Assistance Program	93.778	1200109/1200110	<u>142,603</u>
Total Department of Health and Human Services-pass through			\$ <u>1,024,666</u>
Total Department of Health and Human Services			\$ <u>2,383,527</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.555	N/A	\$ 81,973
Department of Education:			
National school breakfast program (Child Nutrition Cluster)	10.553	10.553/2009/10.553/2010	\$ 168,490
National school lunch program (Child Nutrition Cluster)	10.555	10.555/2009/10.555/2010	673,026
Child Nutrition Discretionary Grants Limited Availability	10.579	10.579/2009	5,159
Department of Social Services:			
State Admininsitration:			
SNAP Cluster:			
Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010109/0010110/0040109/0040110	\$ 255,591
ARRA-Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010109/0010110/0040109/0040110	<u>15,372</u>
Total Department of Agriculture			\$ <u>1,199,611</u>
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
Payments in Lieu of Taxes	15.226	N/A	\$ <u>4,136</u>

COUNTY OF ORANGE, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
ARRA-Edward Byrne Memorial justice assistance grant program/grants to units of local government	16.804	N/A	\$ 18,991
Virginia Compensation Board:			
ARRA-Edward Byrne Memorial justice assistance grant program/grants to states and territories	16.803	2009-SU-B9-0033	<u>64,858</u>
Total Department of Justice			\$ <u>83,849</u>
Department of Transportation:			
Direct Payments:			
Highway planning and construction	20.205	N/A	\$ 446,000
Airport improvement program	20.106	N/A	175,019
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety program	20.600	SC-2009-59262/SC-2010-50282	<u>21,160</u>
Total Department of Transportation			\$ <u>642,179</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency management performance grant	97.042	N/A	\$ 7,900
Assistance to firefighters grant	97.044	N/A	<u>111,165</u>
Total Department of Homeland Security			\$ <u>119,065</u>
Pass Through Payments:			
Department of Education:			
Adult Education - Basic Grants to States	84.002	V002A080046/V002090046	\$ 141,723
Title I grants to local educational agencies (Title I Part A Cluster)	84.010	S010A070046/S010A080046/S010A090046	862,213
ARRA-Title I grants to local educational agencies (Title I Part A Cluster)	84.389	S389A090046	207,147
School improvement grants	84.377	S377A070047/S377A080047	286,093
Special Education - Grants to States (Special Education Cluster)	84.027	H027A080107/H027A090107	694,332
ARRA-Special Education - Grants to States (Special Education Cluster)	84.391	H391A090107	370,498
Career and Technical Education: Basic grants to states	84.048	V048080046/V048A090046	62,816
Special Education - preschool grants (Special Education Cluster)	84.173	H173A070112/H173A080112/H173A090112	33,291
ARRA-Special Education - preschool grants (Special Education Cluster)	84.392	H392A090112	606
Safe and Drug Free Schools and Communities - State Grants	84.186	Q186A090048	7,241
Education Technology State Grants	84.318	S318X080046	1,915
English language acquisition grants	84.365	S365A090046	7,850
ARRA-State fiscal stabilization fund - Education state grants	84.394	S394A090047	1,927,829
Improving Teacher Quality State Grants	84.367	S367A080044/S367A090044	<u>156,585</u>
Total Department of Education			\$ <u>4,760,139</u>
Department of Defense:			
Direct payments:			
ROTC language and culture training grants	12.357	N/A	\$ <u>55,920</u>
Total Expenditures of Federal Awards			\$ <u><u>9,248,426</u></u>

COUNTY OF ORANGE, VIRGINIA

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Orange, Virginia under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the County of Orange, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Orange, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures 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 - Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount provided to subrecipients</u>
20.205	Highway planning and construction	\$ 446,000

Note 4 - Food Donation

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

Note 5 - 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:

Governmental funds	\$ 1,969,839
Business-type activities	175,019
Total primary government	<u>\$ 2,144,858</u>

Discretely presented component unit - School Board:

School operating fund	\$ 4,674,336
Adult education fund	141,723
Cafeteria fund	928,648
Head start fund	1,358,861
Total discretely presented component unit - School Board	<u>\$ 7,103,568</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 9,248,426</u></u>
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COUNTY OF ORANGE, VIRGINIA

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173/84.391/84.392	Special Education Cluster
84.010/84.389	Title I, Part A Cluster
84.389	Title I grants to local educational agencies - ARRA
84.394	ARRA-State Fiscal Stabilization Fund - education state grants
10.561	SNAP Cluster
20.205	Highway Planning and Construction
93.600/93.708	Head Start Cluster

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.

COUNTY OF ORANGE, VIRGINIA

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

Section III - Federal Award Findings and Questioned Costs

Finding - 2010-1

CFDA Program Title:
CFDA Title: Highway Planning and Construction
CFDA Number - 20.205
Federal Award Number: EN03-068-128, PE101,C501/UPC 70365
Federal Award Year: 2010

Criteria:

Per OMB Circular A-133 paragraph 300(b), internal controls over compliance requirements are required to be established. Entities that pass-through federal funds to a subrecipient have the following subrecipient monitoring responsibilities: (1) Award Identification - At the time of the award, identifying to the subrecipient the Federal award information and applicable compliance requirements. (2) During the Award Monitoring - Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. (3) Subrecipient Audits - Ensuring that subrecipients expending \$500,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period, issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings.

Condition:

The County was not performing subrecipient monitoring in regards to During the Award Monitoring and Subrecipient Audits.

Questioned Costs:

None

Context:

Through inquiry of county staff, it was determined that the County had not monitored the subrecipient's use of federal funds to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements. Also, the County had not ensured that the subrecipient had met the audit requirements of OMB Circular A-133.

Effect:

Noncompliance with OMB Circular A-133 may result in reduced funding for this program.

Cause:

Lack of knowledge of program requirements by county personnel of subrecipient monitoring responsibilities.

Recommendations:

The County should put procedures in place to allow the County to monitor subrecipients of federal awards to ensure the subrecipient is in compliance with the laws, regulations, and the provisions of contracts or grant agreements and to ensure that the subrecipient has met the audit requirements of OMB Circular A-133.

Management's response:

Management concurs with the audit finding and will put policies and procedures in place to enhance oversight of its sub-grantees and monitor and ensure their compliance with laws, regulations and grant agreements.

Section IV - Prior Year Findings and Questioned Costs

There were no prior year findings and questioned costs to report.