

ORANGE COUNTY
VIRGINIA



**COUNTY OF ORANGE
VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 2008**

COUNTY OF ORANGE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2008**

Prepared by

Karen Karasinski, Director of Finance
Orange, Virginia

**COUNTY OF ORANGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008**

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ORANGE COUNTY, VIRGINIA OFFICE OF THE COUNTY ADMINISTRATOR

WILLIAM C. ROLFE
COUNTY ADMINISTRATOR
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R. LINDSAY GORDON III BUILDING
112 WEST MAIN STREET
P O Box 111
ORANGE, VIRGINIA 22960

December 22, 2008

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

The comprehensive annual financial report of the County of Orange for the year ending June 30, 2008, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County of Orange annually issue a report on its financial position and activity and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the County of Orange. All disclosures necessary to enable the reader to gain an understanding of the County of Orange's activities are included herein.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and compliance. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart, and a list of the County of Orange's principal elected and appointed officials. The financial section includes the Independent Auditors' Report, Management's Discussion and Analysis, the basic financial statements, required supplementary information, and supporting schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

The County of Orange is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1997) and the U.S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this single audit, including a schedule of the expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the compliance section of this report, including, as applicable, statements on the absence of findings and questioned costs.

The financial reporting entity (the government) includes all funds of the primary government (i.e. the County of Orange as legally defined), as well as all of its component units. The government provides or sponsors a full range of services including education; law enforcement; fire and emergency medical services; recreational activities; waste disposal; cultural activities; and welfare services.

Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The discretely presented component units included in this report are the Orange County School Board and the Orange County Economic Development Authority.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a 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 of Orange's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity and Economic Outlook

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 32,492. 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 Sheriff, the Commonwealth's Attorney, the Clerk of the Circuit Court, the Treasurer, and the Commission of Revenue.

Of critical importance to the County is the balancing the services needed by its citizens with the corresponding necessity of growth of its tax base to pay for those needed services. Goals include attracting and expanding business to ensure long term economic vitality through investment and quality job creation, installation and maintenance of state-of-the-art infrastructure (including a County wireless telecommunications system), proactive, long term planning, quality schools, and superior citizen satisfaction with County services.

Major Initiatives

In fiscal year 2008 the County started or continued advancing initiatives that will prepare the County to meet the challenges of the future.

The Board of Education and Board of Supervisors continue to make progress on the new middle school. The land was purchased in the eastern end of the County and the design and bid documents were complete with the expectation that bids will be solicited and awarded in early 2009. In addition to the new school, the Board of Supervisors hired a consultant to evaluate the condition of the existing school facilities and forecast enrollment to assist in a comprehensive review of school needs.

The County also continued its major effort to strengthen its public safety services to County citizens. A traffic division was created in the Sheriff office to improve safety on major roads throughout the County. The County also continued its initiative to improve fire and rescue service. Two new fire trucks were purchased to enhance volunteer fire companies in Orange and Lake of the Woods. The County is also administering a grant from the Commonwealth of Virginia with the volunteers to renovate the burn building used for training exercises.

Further, the County continued the program to improve its airport and take full advantage of its potential to support tourism, economic development, and aviation activities in the County. The apron project that began in 2007 is nearing completion. The Board of Supervisors reviewed a 1-story and a 2-story design of the Airport terminal and selected the option of a 1-story building. This will maximize the funding from the Commonwealth of Virginia.

The Board of Supervisors reviewed the conceptual design for the Gordonsville Branch Library. The A&E Firm is preparing plans that allow for a larger facility if the Friends of the Library and Library Foundation successfully raise funds for the additional cost. To date, \$226,887 has been raised or pledged. It is expected that the County will solicit bids in early 2009.

A reorganization of the Department of Recreation began in fiscal year 2008. A full review of each program was initiated with the goal of reducing the required subsidy of programs. The Board of Supervisors set the policy that the Recreation Department as a whole will not require more than a 15% subsidy. The policy required substantial changes in child care programs. The Child Garden – Early Learning Center was closed and full-time staffing levels at the Locust Grove and Lightfoot sites were reduced. The programmatic review will continue into 2009.

The County contracted out the activity of operating a portion of the landfill. The Board of Supervisors is revisiting the decision to discontinue operations in 2012 and open a transfer station. Additional discussion is currently underway and a final decision will be forthcoming in 2009 or 2010 to allow staff sufficient time for implementation.

Another major project began this year was a major overhaul of the County's zoning ordinance led by a County contracted consultant. Input will be given by a citizen's steering committee, the Planning Commission, and the Board of Supervisors. It is anticipated that the revisions will also necessitate changes to the County's comprehensive plan as well.

Financial Information

The management of the County of Orange, within the direction and policies approved by the Board of Supervisors, is responsible for establishing and maintaining internal controls to ensure the protection of the County assets. In developing and evaluating the County of Orange's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of the costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the County also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management.

As a part of the County's single audit described earlier, tests are made to determine the adequacy of the system of internal controls, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the county's single audit for the fiscal year ending June 30, 2008, provided no instances of material weaknesses in the system of internal controls and no violations of applicable laws and regulations.

Budgeting Controls

In addition to internal accounting controls, the County also maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the County Board of Supervisors. These controls assist in ensuring not only that the County operates within the funding levels established by the Board of Supervisors, but also that the funds are spent only for the purposes for which they were appropriated.

As reflected in the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Debt Administration

The County currently has \$80,465,720 in long term debt, of which \$45,920,518 is in general obligation bonds. The County manages its debt payment through a Debt Service Fund and

makes payment with a combination of current tax revenues, lease revenue, and funds previously set aside for debt retirement. The County issued lease revenue bonds this year for a Nursing Home construction project, but the debt service is provided for by payments from the Nursing Home. The County's plan for retirement of its current long-term debt provides for payments from a relatively constant share of tax revenues. Stated another way, the County's current debt service schedule reflects no dramatic increases in its percentage of the County budget.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, repurchase agreements, money market funds, U.S. Treasury bills, other government obligations, and commercial paper. The yield on investments ranged from 1 to 6 percent. All County deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.

Risk Management

The County periodically reviews its risk management programs to take action to proactively reduce risk, ensure the County is adequately insured against the risk of loss, and to ensure the County pays reasonable rates for its insurance. The primary technique used for risk financing is the purchase of insurance coverage from commercial insurers.

Other Information

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates was selected by the County. In addition to the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1997, and related Office of Management and Budget Circular A-133. The auditor's report on the general purpose financial statements and combining individual fund statements and schedules are included in the Financial Section of this report. The auditors' report related specifically to the single audit is included in the Compliance Section.

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, 2007. This is the second 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. I want to thank Ms. Karen Karasinski, Ms. Amy Rankin, Ms. Connie Clark, Ms. Cyndi Harbin, and Mr. Joe Rodish for their service to the County and work on this report in particular. The preparation of this report 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,

A handwritten signature in black ink, appearing to read "William C. Rolfe". The signature is fluid and cursive, with a prominent flourish at the end.

William C. Rolfe
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, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



VOTERS



Treasurer

Sheriff

Clerk of the Circuit Court

Board of Supervisors

Commissioner of the Revenue

Commonwealth's Attorney

School Board

County Administration

Assistant County Administration

County Attorney

Advisory Boards and Commissions

Ruling Boards and Commissions

Emergency Operations

Airport

Human Resources

Information Mgt & Tech

Tourism

E-911 Center

Community Development

Finance

Economic Development

Fire & Emerg Medical Svcs

Parks & Recreation

Public Works

Animal Shelter

Airport Commission

Youth Commission

Planning Commission

Litter Control Committee

Miscellaneous Advisory Boards & Committees

Orange County Nursing Home Commission

Orange County Nursing Home

Library Board

Libraries

Economic Development Authority

Comprehensive Services (CSA)

Social Services Board

Social Services

Community Policy & Management Team

Family Planning & Assessment Team (FAPT)

Orange County Organizational Chart



Elected Officials

COUNTY OF ORANGE, VIRGINIA

BOARD OF SUPERVISORS

R. Mark Johnson, Chairman
Teri L. Pace, Vice-Chairman

Zack Burkett

Lee Frame

S. Teel Goodwin

COUNTY SCHOOL BOARD

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

Donna Waugh-Robinson

Chris Haney

Jim Hopkins

SOCIAL SERVICES BOARD

William T. Lee, Jr., Chairman
Martha Nicholson, Vice-Chairman

John Anderton

Pat Nabors

Lynn Huntsman

OTHER OFFICIALS

Judge of the Circuit Court Daniel R. Bouton
Clerk of the Circuit Court..... Linda S. Timmons
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 Todd G. Patrick
Commonwealth's Attorney Diana Wheeler
Commissioner of the Revenue..... Donna H. Chewning
Treasurer Phyllis M. Yancey
Sheriff..... Mark A. Amos
Superintendent of Schools..... Dr. William R. Crawford
Clerk of the School Board Laura Zastrow
Director of Social Services..... Robert D. Lingo
County Administrator William C. Rolfe

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Orange, Virginia, as of and for the year ended June 30, 2008, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, Virginia, as of June 30, 2008, 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 22, 2008 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 important for 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 22, 2008

County of Orange, Virginia

Management's Discussion and Analysis June 30, 2008

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 premise of the discussion is to provide an overview of the financial statements and should be reviewed in combination with the transmittal letter at the front of this report and the County's financial statements, which follow this section.

This annual report consists of a series of financial statements. The Statement of Net Assets (page 27) and the Statement of Activities (on 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 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:

Our analysis of the County begins on page 27 with the statement of Net Assets. 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 - For these activities, the County charges a fee to customers to help cover all or most of the cost of the service it provides. The County airport and landfill activities are reported here.

Component units - 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 36 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 approaches.

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 a 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. 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 reconciliation 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. It 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.

The County as a Whole

The following table reflects the condensed Statement of Net Assets compared to prior year:

Table 1 - Net Assets
(in millions)

	Governmental Activities		Business-Type Activities		Total			
					Primary Government		Component Unit	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Current and other assets	\$ 46.9	\$ 27.5	\$ 3.2	\$ 2.9	\$ 50.1	\$ 30.4	\$ 5.9	\$ 4.9
Capital assets	67.2	58.3	8.3	5.7	75.5	64.0	20.4	19.0
Total assets	\$ 114.1	\$ 85.8	\$ 11.5	\$ 8.6	\$ 125.6	\$ 94.4	\$ 26.3	\$ 23.9
Long-term liabilities	\$ 79.3	\$ 54.6	\$ 2.2	\$ 1.6	\$ 81.5	\$ 56.2	\$ 0.5	\$ 0.5
Other liabilities	5.6	3.1	0.2	0.1	5.8	3.2	4.2	3.6
Total liabilities	\$ 84.9	\$ 57.7	\$ 2.4	\$ 1.7	\$ 87.3	\$ 59.4	\$ 4.7	\$ 4.1
Net assets:								
Invested in capital assets	\$ 6.9	\$ 4.9	\$ 8.3	\$ 5.8	\$ 15.2	\$ 10.7	\$ 20.4	\$ 19.0
Unrestricted	22.3	23.2	0.8	1.2	23.1	24.4	1.2	0.7
Total net assets	\$ 29.2	\$ 28.1	\$ 9.1	\$ 7.0	\$ 38.3	\$ 35.1	\$ 21.6	\$ 19.7

Net assets serve as an indicator of the County's financial position. The table above indicates that the County of Orange assets exceeds liabilities by \$38.3 million as of June 30, 2008. The first category of net assets is represented by the investment in capital assets, net of outstanding debt. It is important to note that these assets are not available for future spending and is shown here net of related debt.

The County does not have any restricted net assets; defined as those that have external restrictions that dictate how the assets are to be used.

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

Table 1 Comments:

Total Primary Government net assets increased 9.0% or \$3.2 million from \$35.1 million to \$38.3 million. Of this change, \$1.1 million is related to Governmental Activities and the remaining \$2.2 million is included in the Business-type Activities. Specific information about these changes follows.

Governmental Activities— Total assets increased 33% or \$28.3 million from \$85.8 million to \$114.1 million. This was offset by a 46% increase or \$27.2 million increase in total liabilities. The net assets change in total is \$1.1 million.

The \$28.3 million increase in total assets is \$19.4 in current and other assets and \$8.9 increase in capital assets. The majority of the \$19.4 million increase current and other assets is in cash (\$17.3 million) remaining from a bond sale related to two projects in progress at June 30, 2008; the Nursing Home Construction project and the Eastern Middle School project. The increase of \$8.9 million in capital projects is \$12.1 increase in construction in progress at June 30, 2008 for the same two projects offset by assets transferred to the Schools.

The \$27.2 million increase in liabilities is \$24.7 million increase in long-term liabilities and \$2.5 million in other liabilities. Long-term liabilities increased \$26.4 million for the Nursing Home Construction project and Eastern Middle School and this was offset by \$1.7 million in debt service payments. The major increase in other liabilities is \$3 million due to the Schools at June 30, 2008.

Business-type Activities— Total assets increased 33% or \$2.9 million from \$8.6 million to \$11.5 million. This was offset by a 41% increase or \$ 700,000 increase in total liabilities. The net assets change in total is \$2.2 million.

The \$2.9 million increase in total assets is \$ 300,000 million increase in current and other assets and \$2.6 million increase capital assets. Of the \$2.6 million increase in capital assets, \$1.8 million is construction in process for site work related to a new terminal.

The following table reflects the condensed Statement of Activities.

Table 2 - Changes in Net Assets
(in millions)

	Governmental		Business-type		Total			
	Activities		Activities		Primary		Component	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Revenues								
Program revenues								
Charges for services	\$ 2.4	\$ 2.7	\$ 0.8	\$ 0.7	\$ 3.2	\$ 3.4	\$ 1.1	\$ 0.9
Operating grants & contr.	5.6	5.8	1.8	0.6	7.4	6.4	28.3	27.2
Capital grants & constr.	0.8	1.1	-	-	0.8	1.1	-	-
General revenues								
Taxes	35.0	30.4	-	-	35.0	30.4	-	-
Intergovernmental revenue	3.0	2.9	-	-	3.0	2.9	19.2	16.3
Investment income	2.1	1.4	-	0.1	2.1	1.5	-	-
Other general revenues	0.6	0.2	-	-	0.6	0.2	0.8	0.9
Total revenues	\$ 49.5	\$ 44.5	\$ 2.6	\$ 1.4	\$ 52.1	\$ 45.9	\$ 49.4	\$ 45.3
Program expenses								
General government admin	\$ 3.4	\$ 3.0	\$ -	\$ -	\$ 3.4	\$ 3.0	\$ 0.4	\$ -
Judicial administration	1.4	1.2	-	-	1.4	1.2	-	-
Public safety	8.7	8.7	-	-	8.7	8.7	-	-
Public works	0.6	1.2	-	-	0.6	1.2	-	-
Health and welfare	4.5	3.8	-	-	4.5	3.8	-	-
Education	20.3	17.2	-	-	20.3	17.2	46.8	43.0
Parks, recreation & cultural	2.6	2.6	-	-	2.6	2.6	-	-
Community development	1.7	2.2	-	-	1.7	2.2	-	-
Interest on long term debt	2.7	2.6	-	-	2.7	2.6	-	-
Airport	-	-	0.5	0.5	0.5	0.5	-	-
Landfill	-	-	3.2	2.0	3.2	2.0	-	-
Total expenses	\$ 45.9	\$ 42.5	\$ 3.7	\$ 2.5	\$ 49.6	\$ 45.0	\$ 47.2	\$ 43.0
Excess (deficiency) in net assets before transfers	\$ 3.6	\$ 2.0	\$ (1.1)	\$ (1.1)	\$ 2.5	\$ 0.9	\$ 2.2	\$ 2.3
Transfers	(2.5)	(3.1)	2.5	3.1	-	-	-	-
Increase (Decrease) in net assets	1.1	(1.1)	1.4	2.0	2.5	0.9	2.2	2.3
Net asset beginning balance, as restated	28.1	29.2	7.7	5.0	35.8	34.2	19.4	17.4
Net asset ending balance	\$ 29.2	\$ 28.1	\$ 9.1	\$ 7.0	\$ 38.3	\$ 35.1	\$ 21.6	\$ 19.7

Table 2 Comments:

Governmental Activities--Governmental activities increased the County of Orange's net assets by \$1.1 million which represents 33% of the total increase in net assets for the year. Overall governmental revenues increased 11% or \$5 million when compared to last year. Taxes increased \$4.6 million over 2007 due to a five cent increase in the property tax rate and the first billing cycle June 5, 2008. The increased investment income of \$700,000 is from investing bond proceeds for two capital projects; the Nursing Home Construction project and the Eastern Middle School project.

Program expenditures for 2008 experienced an 8% increase or \$3.5 million from 2007. Education increased \$3.1 million from 2007; the increase can be broken down to \$1.7 million increase in operations and \$1.4 million increase in capital assets transferred to the Schools. The Department of Public Safety and Parks and Recreation maintained a zero increase in expenditures while the Department of Public Works and Community Development experienced a 50% and 19% decrease, respectively, in expenditures as compared to 2007.

Business Activities--Business-type activities increased the County of Orange's net assets by \$2.2 million which represents 67% of the total increase in net assets for the year. Revenues increased \$1.2 million dollars; the increase is additional grant dollars for the apron project at the Orange County Airport. The increase in revenue is offset by a \$1.2 million increase in program expenses that resulted from outsourcing part of the landfill operations.

Budget Highlights

Over the course of the year, the Board of Supervisors revised the County budget. The budget is amended by resolution for specific requests, generally for items that were intended to be completed or expended in the previous fiscal year budget for some extenuating circumstance were not. During the fiscal year, the budget is amended for unanticipated events that could not be foreseen and for opportunities that arose and weren't previously known.

Capital Asset and Debt Service

Capital Assets

The County of Orange's capital assets in its governmental funds increased by 15.0% from fiscal year 2007 to fiscal year 2008. Capital assets increased \$12.1 million in construction in progress for the Nursing Home facility and the Eastern Middle School projects in the governmental activities. Machinery and equipment assets experienced an increase of \$278,665 related to the purchase of vehicles.

Business-type activities show an increase in capital assets by \$1.85 million in construction in progress for renovations at the Orange County Airport.

The primary government overall had an 18.0% increase in capital assets.

Table 3 - Capital Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Land	\$ 1,542,318	\$ 1,701,469	\$ 624,303	\$ 116,788	\$ 2,166,621	\$ 1,818,257
Building & Improvements	50,590,411	53,895,886	5,721,774	5,552,789	56,312,185	59,448,675
Machinery and equipment	1,939,856	1,661,191	40,010	45,770	1,979,866	1,706,961
Construction in progress	13,170,340	1,080,401	1,888,775	40,953	15,059,115	1,121,354
	<u>\$ 67,242,925</u>	<u>\$ 58,338,947</u>	<u>\$ 8,274,862</u>	<u>\$ 5,756,300</u>	<u>\$ 75,517,787</u>	<u>\$ 64,095,247</u>

Additional information regarding the County of Orange, Virginia capital assets is located in Note 13 of the financial statements.

Debt Service

The County of Orange's long-term debt increased 46.0% in fiscal year 2008 due to the issuance of \$31.2 million in Lease Revenue Bonds, \$5.2 million in General Obligation Bonds and \$1.64 million in Capital Lease obligations. The Lease Revenue bond issuance was used to begin construction on the Nursing Home facility and to refund \$9.9 million in previously issued Lease Revenue Bonds. The General Obligation bond issue was to begin the new middle school project located in the eastern portion of the County of Orange. The Capital Lease obligation purchased two new fire trucks for the local fire agencies within the County.

Table 4 - Long Term Debt

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
General Obligation Bonds-County	\$ 2,060,815	\$ 2,297,097	\$ -	\$ -	\$ 2,060,815	\$ 2,297,097
General Obligation Bonds-Schools	43,859,703	40,724,112	-	-	43,859,703	40,724,112
Capital Lease Obligations	2,594,984	894,582	-	-	2,594,984	894,582
Lease Revenue Bonds	<u>29,997,222</u>	<u>9,900,000</u>	-	-	<u>29,997,222</u>	<u>9,900,000</u>
	<u>\$ 78,512,724</u>	<u>\$ 53,815,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,512,724</u>	<u>\$ 53,815,791</u>

Specific information regarding the County of Orange, Virginia long-term debt issues is located in Note 7 of the financial statements.

Future Economic Factors

The fiscal year 2009 fund budgets are balanced and financed by either current revenues or fund equity. The consolidated (after elimination of inter-fund duplicating transfers) General Fund budget for fiscal year 2009 is \$20,451,051 and the total for all funds is \$133,160,815. The real estate tax rate was increased \$0.05 from \$0.42 to \$0.47.

General Fund:

The Board of Supervisors authorized the following new positions in the General Fund.

Traffic Deputies	\$	2
Communication Officers - Sheriff's Office		2
Firefighter/Medic		3
Assistant Commonwealth Attorney		1

In addition to new positions, the adopted budget includes a 2% cost of living adjustment for employees, continuation of the merit program at a lower amount, and an anticipated 17% increase in health insurance premiums.

Non-personnel increases include \$87,596 to the Rappahannock Juvenile Detention facility, and \$308,484 to the Central Virginia Regional Jail. This is the first time that the Regional Jail operation has required support from the community. Preliminary estimates for fiscal year 2010 indicate that this amount could increase again.

The increases are offset by a decrease in Recreation Department funding. All Recreation programs are currently under review, but the budget currently only reflects the closing of the Child Garden effective July 31, 2008.

Debt Service:

The \$536,631 increase in County debt service includes increased principal payments from existing amortization schedules, two new fire trucks, and the new debt service from the Nursing Home project that is completely offset by lease revenue.

County Capital Project Fund:

The 2008-2009 Capital Improvement Plan budget includes funding for the following initiatives:

Airport	\$ 1,278,877
Commission of Revenue	187,500
Community Development	50,000
Fire and Emergency Medical Services	250,000
Information Technology	200,000
Library	262,478
Public Works	487,893
Landfill	914,140
Social Services	12,000
Roads	1,467,000
Schools	<u>45,740,000</u>
Total	<u>\$ 50,849,888</u>

Total funding sources are as follows:

Local	\$ 3,059,710
State	2,012,678
Federal	712,500
Other	285,000
Bond	<u>44,780,000</u>
	<u>\$ 50,849,888</u>

Airport Fund:

The majority, \$558,877 of the \$600,188 increase, in the Airport Fund is the result of capital projects. Local funding in the amount of \$178,630 will be matched with federal and state grants to complete \$1,278,877 in projects. The largest project will be to construct an apron with 95% federal funding, 3% state funding, and 2% local funding.

Landfill Fund:

The Landfill Fund includes an appropriation to continue using a management company to operate the landfill, advance funding to build a transfer station by 2012, and setting aside money to cover landfill closure costs.

School Funds:

Although School operations increased \$2,200,612 the County's contribution only increased \$922,171. The other increases to the School budget are from federal, state, and other sources.

The decrease in various existing annual debt service payments for the Schools was offset by the \$571,696 increase in appropriations for the initial \$5,220,000 bond issue to construct the new middle school for a net increase of \$281,248.

Capital improvement budget of \$505,000 was segregated from other school funding this year. In prior years this was combined with operations. The construction of a new middle school is accounted for in a separate fund and financed with bond proceeds.

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 Karen Karasinski, Director of Finance, County of Orange, 112 Main Street, Orange, Virginia, 22960.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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COUNTY OF ORANGE, VIRGINIA

Exhibit 1

Statement of Net Assets
As of June 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 32,942,100	\$ 3,123,800	\$ 36,065,900	\$ 662,248	\$ 1,122,693
Investments	10,434,736	-	10,434,736	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,464,397	-	1,464,397	-	-
Accounts receivable	62,313	73,443	135,756	47,401	-
Due from primary government	-	-	-	3,046,180	22,871
Due from other governmental units	1,344,841	3,057	1,347,898	1,083,358	-
Inventories	-	22,531	22,531	-	-
Prepaid expenses	27,727	185	27,912	-	-
Other assets:					
Unamortized bond issue costs	612,731	-	612,731	-	-
Capital assets (net of accumulated depreciation):					
Land	1,542,318	624,303	2,166,621	737,700	22
Buildings and improvements	50,590,411	5,721,774	56,312,185	16,944,199	-
Machinery and equipment	1,939,856	40,010	1,979,866	2,669,773	-
Construction in progress	13,170,340	1,888,775	15,059,115	-	-
Total assets	\$ 114,131,770	\$ 11,497,878	\$ 125,629,648	\$ 25,190,859	\$ 1,145,586
LIABILITIES					
Reconciled overdraft	\$ -	\$ -	\$ -	\$ 25,518	\$ -
Accounts payable	887,831	200,848	1,088,679	656,067	-
Accrued liabilities	-	-	-	3,491,621	-
Accrued interest payable	1,312,845	-	1,312,845	-	-
Due to component unit	3,069,051	-	3,069,051	-	-
Unearned revenue	300,836	-	300,836	-	-
Deposits held in escrow	14,255	-	14,255	-	-
Long-term liabilities:					
Due within one year	4,171,655	4,561	4,176,216	421,360	-
Due in more than one year	75,126,287	2,188,941	77,315,228	140,453	-
Total liabilities	\$ 84,882,760	\$ 2,394,350	\$ 87,277,110	\$ 4,735,019	\$ -
NET ASSETS					
Invested in capital assets, net of related debt	\$ 6,899,872	\$ 8,274,862	\$ 15,174,734	\$ 20,351,672	\$ 22
Unrestricted (deficit)	22,349,138	828,666	23,177,804	104,168	1,145,564
Total net assets	\$ 29,249,010	\$ 9,103,528	\$ 38,352,538	\$ 20,455,840	\$ 1,145,586

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, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,387,068	\$ -	\$ 336,417	\$ -
Judicial administration	1,377,117	87,693	565,935	-
Public safety	8,715,289	960,636	1,872,274	-
Public works	616,698	292,287	18,331	-
Health and welfare	4,490,368	-	2,530,944	-
Education	20,282,099	-	-	-
Parks, recreation, and cultural	2,646,279	1,012,648	244,265	-
Community development	1,737,481	-	-	878,745
Interest on long-term debt	2,690,659	-	-	-
Total governmental activities	<u>\$ 45,943,058</u>	<u>\$ 2,353,264</u>	<u>\$ 5,568,166</u>	<u>\$ 878,745</u>
Business-type activities:				
Airport	\$ 568,900	\$ 285,453	\$ 1,757,452	\$ -
Landfill	3,161,506	531,189	8,982	-
Total business-type activities	<u>\$ 3,730,406</u>	<u>\$ 816,642</u>	<u>\$ 1,766,434</u>	<u>\$ -</u>
Total primary government	<u>\$ 49,673,464</u>	<u>\$ 3,169,906</u>	<u>\$ 7,334,600</u>	<u>\$ 878,745</u>
COMPONENT UNITS:				
School Board	\$ 46,814,294	\$ 1,078,565	\$ 28,280,248	\$ -
Industrial Development Authority	461,607	-	-	-
Total component units	<u>\$ 47,275,901</u>	<u>\$ 1,078,565</u>	<u>\$ 28,280,248</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				
Change in net assets				
Net assets - beginning, as adjusted				
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 Units		
Governmental Activities	Business-type Activities	Total	School Board	EDA	
\$ (3,050,651)	\$ -	\$ (3,050,651)	\$ -	\$ -	
(723,489)	-	(723,489)	-	-	
(5,882,379)	-	(5,882,379)	-	-	
(306,080)	-	(306,080)	-	-	
(1,959,424)	-	(1,959,424)	-	-	
(20,282,099)	-	(20,282,099)	-	-	
(1,389,366)	-	(1,389,366)	-	-	
(858,736)	-	(858,736)	-	-	
(2,690,659)	-	(2,690,659)	-	-	
<u>\$ (37,142,883)</u>	<u>\$ -</u>	<u>\$ (37,142,883)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ 1,474,005	\$ 1,474,005	\$ -	\$ -	
-	(2,621,335)	(2,621,335)	-	-	
<u>\$ -</u>	<u>\$ (1,147,330)</u>	<u>\$ (1,147,330)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (37,142,883)</u>	<u>\$ (1,147,330)</u>	<u>\$ (38,290,213)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (17,455,481)	\$ -	
-	-	-	-	(461,607)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,455,481)</u>	<u>\$ (461,607)</u>	
\$ 28,715,860	-	28,715,860	\$ -	\$ -	
2,065,302	-	2,065,302	-	-	
2,174,844	-	2,174,844	-	-	
88,810	-	88,810	-	-	
626,497	-	626,497	-	-	
699,013	-	699,013	-	-	
540,904	-	540,904	-	-	
93,386	-	93,386	-	-	
2,091,066	33,880	2,124,946	21,452	45,544	
676,056	-	676,056	123,489	663,304	
-	-	-	19,038,054	177,056	
3,024,981	-	3,024,981	-	-	
(2,485,976)	2,485,976	-	-	-	
<u>\$ 38,310,743</u>	<u>\$ 2,519,856</u>	<u>\$ 40,830,599</u>	<u>\$ 19,182,995</u>	<u>\$ 885,904</u>	
\$ 1,167,860	\$ 1,372,526	\$ 2,540,386	\$ 1,727,514	\$ 424,297	
28,081,150	7,731,002	35,812,152	18,728,326	721,289	
<u>\$ 29,249,010</u>	<u>\$ 9,103,528</u>	<u>\$ 38,352,538</u>	<u>\$ 20,455,840</u>	<u>\$ 1,145,586</u>	

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Fund Financial Statements

COUNTY OF ORANGE, VIRGINIA

Balance Sheet
 Governmental Funds
 As of June 30, 2008

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Debt Service</u>	<u>County Capital Improvements</u>
ASSETS				
Cash and cash equivalents	\$ 10,180,670	\$ 27,540	\$ 1,371,161	\$ 16,147,625
Investments	10,434,736	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,464,397	-	-	-
Accounts receivable	31,143	-	-	31,170
Due from other funds	-	-	-	-
Due from other governmental units	755,302	120,678	-	468,861
Prepaid items	27,727	-	-	-
Total assets	<u>\$ 22,893,975</u>	<u>\$ 148,218</u>	<u>\$ 1,371,161</u>	<u>\$ 16,647,656</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 516,556	\$ -	\$ -	\$ 326,879
Due to other funds	-	91	-	-
Due to component unit	3,069,051	-	-	-
Deferred revenue	1,359,174	-	-	-
Deposits held in escrow	14,255	-	-	-
Total liabilities	<u>\$ 4,959,036</u>	<u>\$ 91</u>	<u>\$ -</u>	<u>\$ 326,879</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ 1,371,161	\$ -
Financial stability - future growth	11,924,047	-	-	-
Unreserved, reported in:				
General fund	5,953,110	-	-	-
Special revenue funds	-	148,127	-	-
Capital projects funds	-	-	-	-
Designated	57,782	-	-	16,320,777
Total fund balances	<u>\$ 17,934,939</u>	<u>\$ 148,127</u>	<u>\$ 1,371,161</u>	<u>\$ 16,320,777</u>
Total liabilities and fund balances	<u>\$ 22,893,975</u>	<u>\$ 148,218</u>	<u>\$ 1,371,161</u>	<u>\$ 16,647,656</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>
\$ 5,123,444	\$ 91,660	\$ 32,942,100
-	-	10,434,736
-	-	1,464,397
-	-	62,313
-	91	91
-	-	1,344,841
-	-	27,727
<u>\$ 5,123,444</u>	<u>\$ 91,751</u>	<u>\$ 46,276,205</u>
\$ 43,233	\$ 1,163	\$ 887,831
-	-	91
-	-	3,069,051
-	-	1,359,174
-	-	14,255
<u>\$ 43,233</u>	<u>\$ 1,163</u>	<u>\$ 5,330,402</u>
\$ -	\$ -	\$ 1,371,161
-	-	11,924,047
-	-	5,953,110
-	90,588	238,715
-	-	-
5,080,211	-	21,458,770
<u>\$ 5,080,211</u>	<u>\$ 90,588</u>	<u>\$ 40,945,803</u>
<u>\$ 5,123,444</u>	<u>\$ 91,751</u>	<u>\$ 46,276,205</u>

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Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 As of June 30, 2008

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 40,945,803
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	67,242,925
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,671,069
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(80,610,787)
Net assets of governmental activities	<u>\$ 29,249,010</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, 2008

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Debt Service</u>
REVENUES			
General property taxes	\$ 28,258,629	\$ -	\$ -
Other local taxes	6,288,756	-	-
Permits, privilege fees, and regulatory licenses	306,181	-	-
Fines and forfeitures	407	-	-
Revenue from the use of money and property	1,274,021	-	-
Charges for services	2,042,829	-	-
Miscellaneous	667,430	-	-
Recovered costs	171,527	-	-
Intergovernmental revenues:			
Commonwealth	6,334,787	666,597	-
Federal	715,341	1,285,023	-
Total revenues	<u>\$ 46,059,908</u>	<u>\$ 1,951,620</u>	<u>\$ -</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,936,254	\$ -	\$ -
Judicial administration	1,405,644	-	-
Public safety	8,472,602	-	-
Public works	697,084	-	-
Health and welfare	1,990,661	2,491,537	-
Education	17,148,492	-	-
Parks, recreation, and cultural	2,650,633	-	-
Community development	1,681,742	-	-
Nondepartmental	1,929	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	-	-	3,011,120
Interest and other fiscal charges	-	-	2,574,325
Bond issuance costs	-	-	-
Total expenditures	<u>\$ 36,985,041</u>	<u>\$ 2,491,537</u>	<u>\$ 5,585,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,074,867</u>	<u>\$ (539,917)</u>	<u>\$ (5,585,445)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 32,500	\$ 625,625	\$ 4,691,130
Transfers out	(9,529,445)	-	-
Issuance of Indebtedness	-	-	-
Premium on bonds	-	-	-
Proceeds of capital leases	-	-	-
Issuance of lease revenue and refunding bonds	-	-	10,359,432
Discount on lease revenue and refunding bonds	-	-	-
Payment to bond escrow agent	-	-	(10,359,432)
Total other financing sources (uses)	<u>\$ (9,496,945)</u>	<u>\$ 625,625</u>	<u>\$ 4,691,130</u>
Net change in fund balances	\$ (422,078)	\$ 85,708	\$ (894,315)
Fund balances - beginning, as adjusted	18,357,017	62,419	2,265,476
Fund balances - ending	<u>\$ 17,934,939</u>	<u>\$ 148,127</u>	<u>\$ 1,371,161</u>

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

Exhibit 5

County Capital Improvements	School Capital Projects	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 28,258,629
-	-	-	6,288,756
-	-	-	306,181
-	-	-	407
578,122	236,954	629	2,089,726
-	-	3,847	2,046,676
7,884	-	742	676,056
-	-	-	171,527
-	-	2,623	7,004,007
468,861	-	-	2,469,225
<u>\$ 1,054,867</u>	<u>\$ 236,954</u>	<u>\$ 7,841</u>	<u>\$ 49,311,190</u>
\$ -	\$ -	\$ -	\$ 2,936,254
-	-	1,795	1,407,439
-	-	3,941	8,476,543
-	-	-	697,084
-	-	-	4,482,198
-	-	-	17,148,492
-	-	-	2,650,633
-	-	-	1,681,742
-	-	-	1,929
9,375,803	3,380,756	-	12,756,559
-	-	-	3,011,120
-	-	-	2,574,325
636,298	-	-	636,298
<u>\$ 10,012,101</u>	<u>\$ 3,380,756</u>	<u>\$ 5,736</u>	<u>\$ 58,460,616</u>
<u>\$ (8,957,234)</u>	<u>\$ (3,143,802)</u>	<u>\$ 2,105</u>	<u>\$ (9,149,426)</u>
\$ 1,702,154	\$ 2,212,095	\$ 24,560	\$ 9,288,064
(2,244,595)	-	-	(11,774,040)
-	5,220,000	-	5,220,000
-	280,267	-	280,267
1,644,968	-	-	1,644,968
20,875,568	-	-	31,235,000
(724,544)	-	-	(724,544)
-	-	-	(10,359,432)
<u>\$ 21,253,551</u>	<u>\$ 7,712,362</u>	<u>\$ 24,560</u>	<u>\$ 24,810,283</u>
\$ 12,296,317	\$ 4,568,560	\$ 26,665	\$ 15,660,857
4,024,460	511,651	63,923	25,284,946
<u>\$ 16,320,777</u>	<u>\$ 5,080,211</u>	<u>\$ 90,588</u>	<u>\$ 40,945,803</u>

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds	\$ 15,660,857
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.	8,663,093
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	457,231
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.	(23,493,025)
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>(120,296)</u>
Change in net assets of governmental activities	<u>\$ 1,167,860</u>

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

Statement of Net Assets
 Proprietary Funds
 As of June 30, 2008

	Business-Type Activities		
	Enterprise Funds		
	Airport Fund	Landfill Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 423,798	\$ 2,700,002	\$ 3,123,800
Due from other governmental units	3,057	-	3,057
Receivables, net	-	73,443	73,443
Prepaid expenses	185	-	185
Inventory	22,531	-	22,531
Total current assets	<u>\$ 449,571</u>	<u>\$ 2,773,445</u>	<u>\$ 3,223,016</u>
Noncurrent assets			
Capital assets			
Land	\$ 596,198	\$ 28,105	\$ 624,303
Construction in progress	1,888,775	-	1,888,775
Other capital assets, net of accumulated depreciation	5,698,170	63,614	5,761,784
Total noncurrent assets	<u>\$ 8,183,143</u>	<u>\$ 91,719</u>	<u>\$ 8,274,862</u>
Total assets	<u>\$ 8,632,714</u>	<u>\$ 2,865,164</u>	<u>\$ 11,497,878</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$ 18,184	\$ 182,664	\$ 200,848
Compensated absences, current portion	4,561	-	4,561
Total current liabilities	<u>\$ 22,745</u>	<u>\$ 182,664</u>	<u>\$ 205,409</u>
Noncurrent liabilities			
Accrued landfill remediation costs	\$ -	\$ 2,188,941	\$ 2,188,941
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ 2,188,941</u>	<u>\$ 2,188,941</u>
Total liabilities	<u>\$ 22,745</u>	<u>\$ 2,371,605</u>	<u>\$ 2,394,350</u>
NET ASSETS			
Invested in capital assets	\$ 8,183,143	\$ 91,719	\$ 8,274,862
Unrestricted	426,826	401,840	828,666
Total net assets	<u>\$ 8,609,969</u>	<u>\$ 493,559</u>	<u>\$ 9,103,528</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, 2008

	Business-Type Activities		
	Enterprise Funds		
	Airport Fund	Landfill Fund	Total
OPERATING REVENUES			
Charges for services, net	\$ 285,453	\$ 531,189	\$ 816,642
Total operating revenues	<u>\$ 285,453</u>	<u>\$ 531,189</u>	<u>\$ 816,642</u>
OPERATING EXPENSES			
Personal services	\$ 138,497	\$ 760,472	\$ 898,969
Fringe benefits	31,590	182,185	213,775
Contractual services	36,480	1,711,647	1,748,127
Other charges	233,109	494,473	727,582
Depreciation	129,224	12,729	141,953
Total operating expenses	<u>\$ 568,900</u>	<u>\$ 3,161,506</u>	<u>\$ 3,730,406</u>
Operating income (loss)	<u>\$ (283,447)</u>	<u>\$ (2,630,317)</u>	<u>\$ (2,913,764)</u>
NONOPERATING REVENUES (EXPENSES)			
Use of money and property	\$ 33,880	\$ -	\$ 33,880
Commonwealth grants	154,187	8,982	163,169
Federal grants	1,603,265	-	1,603,265
Total nonoperating revenues (expenses)	<u>\$ 1,791,332</u>	<u>\$ 8,982</u>	<u>\$ 1,800,314</u>
TRANSFERS IN	<u>\$ 329,868</u>	<u>\$ 2,156,108</u>	<u>\$ 2,485,976</u>
Change in net assets	\$ 1,837,753	\$ (465,227)	\$ 1,372,526
Total net assets, beginning of year, as adjusted	6,772,216	958,786	7,731,002
Total net assets, end of year	<u>\$ 8,609,969</u>	<u>\$ 493,559</u>	<u>\$ 9,103,528</u>

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

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2008

	Business-Type Activities		
	Enterprise Funds		
	Airport Fund	Landfill Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 285,453	\$ 586,573	\$ 872,026
Payments to and for employees	(168,439)	(942,657)	(1,111,096)
Payments to suppliers	(294,929)	(1,534,831)	(1,829,760)
Net cash provided by (used in) operating activities	<u>\$ (177,915)</u>	<u>\$ (1,890,915)</u>	<u>\$ (2,068,830)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State and federal grant funding	\$ 1,786,483	\$ 8,982	\$ 1,795,465
Transfers	329,868	2,156,108	2,485,976
Net cash provided by (used in) noncapital financing activities	<u>2,116,351</u>	<u>2,165,090</u>	<u>4,281,441</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Use of money and property	<u>\$ 33,880</u>	<u>\$ -</u>	<u>\$ 33,880</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	<u>\$ (1,847,821)</u>	<u>\$ -</u>	<u>\$ (1,847,821)</u>
Net increase (decrease) in cash and cash equivalents	\$ 124,495	\$ 274,175	\$ 398,670
Cash and cash equivalents, beginning of year	299,303	2,425,827	2,725,130
Cash and cash equivalents, end of year	<u>\$ 423,798</u>	<u>\$ 2,700,002</u>	<u>\$ 3,123,800</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ (283,447)	\$ (2,630,317)	\$ (2,913,764)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	129,224	12,729	141,953
Change in accounts receivable	-	55,384	55,384
Change in prepaid expenses	(92)	-	(92)
Change in inventory	(22,531)	-	(22,531)
Change in accounts payable	(2,717)	112,292	109,575
Change in accrued landfill remediation costs	-	558,997	558,997
Change in compensated absences	1,648	-	1,648
Net cash provided by (used in) operating activities	<u>\$ (177,915)</u>	<u>\$ (1,890,915)</u>	<u>\$ (2,068,830)</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, 2008

	<u>Talley Memorial Private-Purpose Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 15,000	\$ 404,834
Total assets	<u>\$ 15,000</u>	<u>\$ 404,834</u>
LIABILITIES		
Amounts held for social services clients	\$ -	\$ 33,208
Amounts held for Rapidan Hills Limited Partnership	-	7,376
Amounts held for others	-	364,250
Total liabilities	<u>\$ -</u>	<u>\$ 404,834</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, 2008

	<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, 2008

Note 1—Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to government 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, 2008.

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. During the year, the County contributed \$151,217 to the Rappahannock-Rapidan Community Services Board.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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, 2008 (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 project 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 project 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, 2008 (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* fund accounts for proceeds of specific revenue services restricted for expenditures for specified purposes. The government reports the Asset Forfeiture Fund, Revenue Maximization 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.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

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

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.

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 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. The inventory of school textbooks held on consignment is not recorded in the financial statements.

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 \$328,689 at June 30, 2008 and is comprised solely of property taxes. This allowance represents 0.22% of the total levies for the previous six years.

6. *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.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

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

7. *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.

8. *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 government 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. 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. \$1.6 million 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
Machinery and equipment	5-10

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

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

9. *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 employer'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.

10. *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.

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.

11. *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.

12. *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.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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 \$80,610,787 and \$561,813 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Bonds payable	\$ 75,917,740	\$ -
Accrued interest payable	1,312,845	-
Capital leases payable	2,594,984	-
Compensated absences	<u>785,218</u>	<u>561,813</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 80,610,787</u>	<u>\$ 561,813</u>

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 (\$8,663,093) and \$1,281,211 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	\$ 12,270,850	\$ 728,245
Depreciation expense	(1,713,013)	(1,341,778)
Allocation of debt financed school assets based on current year repayments and drawdowns of bond proceeds	<u>(1,894,744)</u>	<u>1,894,744</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>\$ 8,663,093</u>	<u>\$ 1,281,211</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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 "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 (\$23,493,025) difference in the primary government are as follows:

Principal repayments:	
General obligation debt	2,531,542
Lease revenue bonds	70,000
Payment to bond escrow agent	10,359,432
Capital lease	535,743
Amortization of bond discount	(5,907)
Amortization of deferred amount on refunding	(10,291)
Amortization of bond issuance costs	(23,567)
Amortization of bond premium	<u>69,416</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (23,493,025)</u>

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 (\$120,296) and (\$23,572) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Compensated absences	\$ 25,689	\$ 23,572
Accrued interest	<u>(145,985)</u>	<u>-</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (120,296)</u>	<u>\$ 23,572</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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, and Airport Fund, School Capital Projects Fund, Airport Fund, Landfill, School Operating Fund, School Textbook Fund, School Adult Education Fund, School Cafeteria Funds, 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.
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), and the 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. Budget data presented in the accompanying financial statements includes the original adopted budget and the revised budget as of June 30.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 4—Due From Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Units</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 740,226
Local sales taxes	366,560	-
Public assistance and welfare administration	43,530	-
Comprehensive youth service	91,549	-
Aviation Grant	962	-
Sheriff	106,809	-
Commonwealth's Attorney	18,841	-
Clerk of Circuit Court	23,955	-
Treasurer	10,663	-
Commissioner of Revenue	9,618	-
Library	44,575	-
Registrar	63,502	-
Other	15,137	-
Federal Government:		
School funds	-	343,132
DMV Grant	4,093	-
Aviation Grant	2,095	-
CDBG	468,861	-
Public assistance	77,148	-
Total	\$ <u>1,347,898</u>	\$ <u>1,083,358</u>

Note 5—Interfund Obligations Due To/From Primary Government:

Interfund obligations for the year ended June 30, 2008 were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Virginia Public Assistance Fund	\$ 91	\$ -
Revenue Maximization Fund	-	91
Total	\$ <u>91</u>	\$ <u>91</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 5—Interfund Obligations Due To/From Primary Government: (Continued)

<u>Fund</u>	<u>Due from Primary Government</u>	<u>Due to Component Unit</u>
General Fund	\$ -	\$ 3,069,051
Component Unit - School Board	3,046,180	
Component Unit - EDA	<u>22,871</u>	<u>-</u>
Total	<u>\$ 3,069,051</u>	<u>\$ 3,069,051</u>

The purpose of interfund obligations is to report the balance of local appropriations unspent at year end due back to the respective funds.

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 32,500	\$ 9,529,445
Virginia Public Assistance Fund	625,625	-
Debt Service Fund	4,691,130	-
County Capital Projects Fund	1,702,154	2,244,595
School Capital Projects Fund	2,212,095	-
Law Library Fund	24,560	-
Proprietary Funds:		
Airport Fund	329,868	-
Landfill Fund	<u>2,156,108</u>	<u>-</u>
Total	<u>\$ 11,774,040</u>	<u>\$ 11,774,040</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, 2008 (Continued)

Note 7—Long-Term Debt:

Primary Government-Governmental Activity Indebtedness:

Year Ending June 30,	General Obligation Bonds		Lease Revenue and Refunding Bond	
	Principal	Interest	Principal	Interest
2009	\$ 2,963,709	\$ 2,251,321	\$ 188,724	\$ 486,444
2010	2,962,848	2,049,461	668,575	939,194
2011	2,987,336	1,896,664	679,130	1,370,906
2012	2,881,723	1,747,784	715,161	1,340,094
2013	2,919,571	1,608,333	746,242	1,307,794
2014	2,870,899	1,473,621	782,365	1,274,219
2015	2,732,724	1,338,598	813,538	1,239,156
2016	2,812,026	1,201,515	854,826	1,200,681
2017	2,881,725	1,060,535	901,323	1,155,931
2018	2,976,729	915,256	947,896	1,108,931
2019	2,947,471	767,264	994,296	1,067,069
2020	3,048,325	616,379	1,035,761	1,023,294
2021	3,154,467	460,221	1,092,327	976,481
2022	3,080,910	303,104	1,144,115	923,044
2023	1,137,773	197,997	1,200,983	867,231
2024	1,013,280	147,050	1,252,886	810,344
2025	1,013,099	98,817	1,314,867	751,144
2026	1,013,124	50,349	1,381,941	689,169
2027	262,084	19,890	1,449,115	624,188
2028	260,695	6,630	1,521,390	556,200
2029	-	-	1,593,709	486,900
2030	-	-	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	\$ 45,920,518	\$ 18,210,789	\$ 30,446,363	\$ 21,477,764

Years Ending June 30,	Capital Lease Obligations	
	Principal	Interest
2009	\$ 458,133	\$ 108,036
2010	479,085	87,084
2011	326,717	62,261
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	190,860	6,814
Total	\$ 2,594,984	\$ 442,294

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Debt: (Continued)

Primary Government-Governmental Activity Indebtedness: (Continued)

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2008:

	<u>Amounts Payable July 1, 2007</u>	<u>Restate-ment</u>	<u>Amounts Payable July 1, 2007 as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable June 30, 2008</u>	<u>Amounts Due Within One Year</u>
Primary Government:							
Governmental activities:							
Lease revenue and refunding bonds payable	\$ 9,900,000	\$ -	\$ 9,900,000	\$ 31,235,000	\$ 9,970,000	\$ 31,165,000	\$ 205,000
Discount on lease revenue and refunding bonds	-	-	-	(724,544)	(5,907)	(718,637)	(16,276)
Deferred amount on refunding	-	-	-	(459,432)	(10,291)	(449,141)	(28,025)
Total lease revenue and refunding bonds	<u>\$ 9,900,000</u>	<u>\$ -</u>	<u>\$ 9,900,000</u>	<u>\$ 30,051,024</u>	<u>\$ 9,953,802</u>	<u>\$ 29,997,222</u>	<u>\$ 160,699</u>
General obligation bonds	42,334,574	-	42,334,574	5,220,000	2,531,542	45,023,032	2,865,795
Premium on general obligation bonds	686,635	-	686,635	280,267	69,416	897,486	97,914
	<u>\$ 43,021,209</u>	<u>\$ -</u>	<u>\$ 43,021,209</u>	<u>\$ 5,500,267</u>	<u>\$ 2,600,958</u>	<u>\$ 45,920,518</u>	<u>\$ 2,963,709</u>
Capital leases	894,582	591,177	1,485,759	1,644,968	535,743	2,594,984	458,133
Compensated absences	810,907	-	810,907	582,491	608,180	785,218	588,914
Total governmental activities	<u>\$ 54,626,698</u>	<u>\$ 591,177</u>	<u>\$ 55,217,875</u>	<u>\$ 37,778,750</u>	<u>\$ 13,698,683</u>	<u>\$ 79,297,942</u>	<u>\$ 4,171,455</u>
Reconciliation with Exhibit 1:							
Long-term liabilities due within one year						\$ 4,171,455	
Long-term liabilities due in more than one year						75,126,487	
Total long-term debt						<u>\$ 79,297,942</u>	
Business-type activities:							
Compensated absences	\$ 2,913	-	\$ 2,913	\$ 4,561	\$ 2,913	\$ 4,561	\$ 4,561
Landfill closure/post-closure liability	1,629,944	-	1,629,944	558,997	-	2,188,941	-
Total business-type activities	<u>\$ 1,632,857</u>	<u>\$ -</u>	<u>\$ 1,632,857</u>	<u>\$ 563,558</u>	<u>\$ 2,913</u>	<u>\$ 2,193,502</u>	<u>\$ 4,561</u>
Reconciliation with Exhibit 1:							
Long-term liabilities due within one year						\$ 4,561	
Long-term liabilities due in more than one year						2,188,941	
Total long-term debt						<u>\$ 2,193,502</u>	

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Debt: (Continued)

Primary Government-Governmental Activity Indebtedness: (Continued)

Details of Long-Term Indebtedness: (Continued)

	<u>Total Amount</u>	<u>Amount Due 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.	\$ 1,103,815	\$ 92,665
\$1,531,200 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 \$2,385,000 in bonds from 1993. The purpose of the bond was to construct, equip and maintain a new industrial park and library	957,000	149,100
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.	200,000	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.	285,000	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.	895,000	215,000
\$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.	355,000	115,000
\$1,710,000 issued January 17, 1994, due in annual installments ranging from \$35,000 to \$145,000 due December 15, 1994 through December 15, 2009, interest rates from 7.50% to 7.65%. This bond refunded \$1,395,000 and \$830,000 in bonds from 1989. The purpose of the bond was to construct a new elementary school.	125,000	90,000

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Debt: (Continued)

Primary Government-Governmental Activity 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.	\$ 1,880,000	\$ 150,000
\$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.	20,040,000	990,000
\$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.	1,335,000	65,000
\$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.	12,627,216	664,030
\$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.	5,220,000	265,000
Premium on series 2005 bonds	617,220	65,780
Premium on series 2007 bonds	<u>280,267</u>	<u>32,134</u>
Total general obligation bonds	<u>\$ 45,920,518</u>	<u>\$ 2,963,709</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Debt: (Continued)

Primary Government-Governmental Activity Indebtedness: (Continued)

Details of Long-Term Indebtedness: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Capital Lease Obligations:		
\$2,060,157 for lease purchase of Sedwick Building issued October 1, 1995, due in 180 installments of \$19,688 beginning November 1, 1995 through October 1, 2010 at an imputed interest rate of 8%	\$ 485,005	\$ 204,858
\$591,177 for lease purchase of four ambulances issued May 7, 2007, due in 5 annual installments of \$132,239 beginning July 15, 2007 through July 15, 2011 including interest at 5.482%	465,011	107,311
\$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>1,644,968</u>	<u>145,964</u>
Total capital lease obligations	<u>\$ 2,594,984</u>	<u>\$ 458,133</u>
<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.	\$ 31,165,000	\$ 205,000
Discount on series 2007 bonds	(718,637)	(16,276)
Deferred amount on refunding	<u>(449,141)</u>	<u>(28,025)</u>
Total lease revenue and advance refunding bonds	<u>\$ 29,997,222</u>	<u>160,699</u>
Compensated absences (Payable from the General Fund)	<u>\$ 785,218</u>	<u>\$ 588,914</u>
Total governmental long-term obligations	<u>\$ 79,297,942</u>	<u>4,171,455</u>
Business-type:		
Compensated absences (Payable from the Airport Fund)	\$ 4,561	\$ 4,561
Accrued landfill closure and post-closure monitoring costs	<u>2,188,941</u>	<u>-</u>
Total business-type long-term obligations	<u>\$ 2,193,502</u>	<u>\$ 4,561</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 7—Long-Term Debt: (Continued)

Discretely Presented Component Unit-School Board Indebtedness:

	<u>Amounts Payable July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable June 30, 2008</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 585,385	\$ 415,467	\$ 439,039	\$ 561,813	\$ 421,360
Total Long-Term Liabilities	<u>\$ 585,385</u>	<u>\$ 415,467</u>	<u>\$ 439,039</u>	<u>\$ 561,813</u>	<u>\$ 421,360</u>
Reconciliation with Exhibit 1:					
Long-term liabilities due within one year				\$ 421,360	
Long-term liabilities due in more than one year				<u>140,453</u>	
Total long-term debt				<u>\$ 561,813</u>	
Details of Long-Term Indebtedness:					
Compensated absences (Payable from the School Fund)				<u>\$ 561,813</u>	

Note 8—Leases:

Capital Leases

The government has entered into a lease agreement as lessee for financing the acquisition of the Sedwick office building. 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:

	<u>Governmental Activities</u>
Asset:	
Building and building improvements	\$ 2,001,200
Vehicles	2,236,145
Less: Accumulated Depreciation	<u>(1,717,359)</u>
Total	<u>\$ 2,519,986</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 8—Leases: (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2009	\$ 566,169
2010	566,169
2011	388,978
2012	329,914
2013	197,674
2014	197,675
2015	197,675
2016	197,675
2017	197,675
2018	<u>197,674</u>
Total minimum lease payments	\$ 3,037,278
Less: Amount representing interest	<u>(442,294)</u>
Present value of minimum lease payments	<u>\$ 2,594,984</u>

Note 9—Debt Defeasance:

On September 20, 2007 the County issued \$31,235,000 of Lease Revenue and Refunding Bonds of which, \$10,055,000 was used to advance refund the \$9,900,000 Lease Revenue Bonds, Series 2002. As a result the Lease Revenue Bonds, which mature between February 1, 2008 and February 1, 2034 are considered to be defeased in substance, and the liability for these bonds has been removed from these financial statements. The 2007 bonds bear an interest rate of 4.25% to 5.00% and will be repaid in various installments through February 1, 2034.

The reacquisition price exceeded the carrying amount of the old debt by \$459,432.

This amount is being netted against the new debt and amortized over the life of the new debt. This advance refunding was undertaken to reduce the total debt service payments over the next twenty-seven years by \$935,511 and resulted in an economic gain of \$621,484.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 10—Defined Benefit Pension Plan:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% to sheriffs and if the employer elects, to 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 increases limited to 5% per year beginning in their second year of retirement. 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/2007AnnuRept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2008 were 9.59% and 3.52% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$2,365,919, \$1,999,399 and \$1,267,602, to the teacher cost-sharing pool for the fiscal years ended June 30, 2008, 2007 and 2006, respectively and these contributions represented 10.30%, 9.20% and 6.62%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2008, the County's annual pension cost of \$800,253 was equal to the County's required and actual contributions.

For fiscal year 2008, the County School Board's annual pension cost for the Board's non-professional employees was \$89,367 which was equal to the Board's required and actual contributions.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 10—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

Three-Year Trend Information				
Fiscal Year Ending	Annual Pension Cost (APC)¹	Percentage of APC Contributed	Net Pension Obligation	
County:				
June 30, 2008	\$ 800,253	100%	\$	-
June 30, 2007	685,182	100%		-
June 30, 2006	603,843	100%		-
School Board Non Professional:				
June 30, 2008	\$ 89,367	100%	\$	-
June 30, 2007	91,341	100%		-
June 30, 2006	34,675	100%		-

¹Employer portion only

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.50% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County's and the County School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

D. Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the County's plan was 88.25% funded. The actuarial accrued liability for benefits was \$17,175,962, and the actuarial value of assets was \$15,157,733, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,018,229. The covered payroll (annual payroll of active employees covered by the plan) was \$8,182,908 and ratio of the UAAL to the covered payroll was 24.66%.

As of June 30, 2007 the most recent actuarial valuation date, the County School Board's plan was 104.05% funded. The actuarial accrued liability for benefits was \$5,757,230, and the actuarial value of assets was \$5,990,541, resulting in an unfunded actuarial accrued liability (UAAL) of (\$233,311). The covered payroll (annual payroll of active employees covered by the plan) was \$2,576,936, and ratio of UAAL to the covered payroll was (9.05%).

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 for benefits.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 11—Deferred Revenue:

	<u>Government- wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Primary Government:		
Deferred property tax revenue:		
Deferred revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 1,058,338
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	<u>300,836</u>	<u>300,836</u>
Total primary government	<u>\$ 300,836</u>	<u>\$ 1,359,174</u>

Note 12—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.

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.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 13—Capital Assets:

Primary Government

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance, as reported June 30, 2007	Opening Balance Adjustment (Note 21)	Balance, as adjusted July 1, 2007	Increases	Decreases	Balance June 30, 2008⁽¹⁾
Governmental Activities:						
Capital assets not being depreciated:						
Land	\$ 1,701,469	\$ (159,151)	\$ 1,542,318	\$ -	\$ -	\$ 1,542,318
Construction in progress	1,080,401	-	1,080,401	12,213,839	(123,900)	13,170,340
Total capital assets not being depreciated	<u>\$ 2,781,870</u>	<u>\$ (159,151)</u>	<u>\$ 2,622,719</u>	<u>\$ 12,213,839</u>	<u>\$ (123,900)</u>	<u>\$ 14,712,658</u>
Capital assets being depreciated:						
Buildings and improvements	\$ 58,414,522	\$ (274,715)	\$ 58,139,807	\$ 423,799	\$ (2,585,351)	\$ 55,978,255
Furniture, equipment and vehicles	4,702,341	625,517	5,327,858	182,738	(350,748)	5,159,848
Total capital assets being depreciated	<u>\$ 63,116,863</u>	<u>\$ 350,802</u>	<u>\$ 63,467,665</u>	<u>\$ 606,537</u>	<u>\$ (2,936,099)</u>	<u>\$ 61,138,103</u>
Less accumulated depreciation for:						
Buildings and improvements	\$ (4,518,636)	\$ (8,932)	\$ (4,527,568)	\$ (1,127,084)	\$ 266,808	\$ (5,387,844)
Furniture, equipment and vehicles	(3,041,150)	58,166	(2,982,984)	(585,929)	348,921	(3,219,992)
Total accumulated depreciation	<u>\$ (7,559,786)</u>	<u>\$ 49,234</u>	<u>\$ (7,510,552)</u>	<u>\$ (1,713,013)</u>	<u>\$ 615,729</u>	<u>\$ (8,607,836)</u>
Capital assets being depreciated, net	<u>\$ 55,557,077</u>	<u>\$ 400,036</u>	<u>\$ 55,957,113</u>	<u>\$ (1,106,476)</u>	<u>\$ (2,320,370)</u>	<u>\$ 52,530,267</u>
Net capital assets	<u>\$ 58,338,947</u>	<u>\$ 240,885</u>	<u>\$ 58,579,832</u>	<u>\$ 11,107,363</u>	<u>\$ (2,444,270)</u>	<u>\$ 67,242,925</u>
Business-Type Activities:						
Capital assets not being depreciated:						
Land	\$ 116,788	\$ 507,515	\$ 624,303	\$ -	\$ -	\$ 624,303
Construction in progress	40,953	-	40,953	1,847,822	-	1,888,775
Total capital assets not being depreciated	<u>\$ 157,741</u>	<u>\$ 507,515</u>	<u>\$ 665,256</u>	<u>\$ 1,847,822</u>	<u>\$ -</u>	<u>\$ 2,513,078</u>
Capital assets being depreciated:						
Buildings and improvements	\$ 5,828,164	\$ 375,846	\$ 6,204,010	\$ -	\$ -	\$ 6,204,010
Furniture, equipment and vehicles	1,333,525	286,344	1,619,869	-	(158,683)	1,461,186
Total capital assets being depreciated	<u>\$ 7,161,689</u>	<u>\$ 662,190</u>	<u>\$ 7,823,879</u>	<u>\$ -</u>	<u>\$ (158,683)</u>	<u>\$ 7,665,196</u>
Less accumulated depreciation for:						
Buildings and improvements	\$ (275,375)	\$ (78,688)	\$ (354,063)	\$ (128,173)	\$ -	\$ (482,236)
Furniture, equipment and vehicles	(1,287,755)	(278,324)	(1,566,079)	(13,780)	158,683	(1,421,176)
Total accumulated depreciation	<u>\$ (1,563,130)</u>	<u>\$ (357,012)</u>	<u>\$ (1,920,142)</u>	<u>\$ (141,953)</u>	<u>\$ 158,683</u>	<u>\$ (1,903,412)</u>
Capital assets being depreciated, net	<u>\$ 5,598,559</u>	<u>\$ 305,178</u>	<u>\$ 5,903,737</u>	<u>\$ (141,953)</u>	<u>\$ -</u>	<u>\$ 5,761,784</u>
Net capital assets	<u>\$ 5,756,300</u>	<u>\$ 812,693</u>	<u>\$ 6,568,993</u>	<u>\$ 1,705,869</u>	<u>\$ -</u>	<u>\$ 8,274,862</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 13—Capital Assets: (Continued)

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	\$ 389,755	\$ -	\$ 389,755
Judicial administration	4,411	-	4,411
Public safety	519,657	-	519,657
Public works	4,091	-	4,091
Health and welfare	346	-	346
Education	767,189	-	767,189
Parks, recreation, and cultural	9,840	-	9,840
Community development	17,724	-	17,724
Airport	-	129,224	129,224
Landfill	-	12,729	12,729
	<u>1,713,013</u>	<u>141,953</u>	<u>1,854,966</u>
Total depreciation expense-primary government	\$ <u>1,713,013</u>	\$ <u>141,953</u>	\$ <u>1,854,966</u>

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2008 was as follows:

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008⁽¹⁾</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 737,700	\$ -	\$ -	\$ 737,700
Total capital assets not being depreciated	<u>\$ 737,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 737,700</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 52,238,478	\$ 3,092,980	\$ (423,799)	\$ 54,907,659
Furniture, equipment and vehicles	<u>7,822,824</u>	<u>220,616</u>	<u>(377,500)</u>	<u>7,665,940</u>
Total capital assets being depreciated	<u>\$ 60,061,302</u>	<u>\$ 3,313,596</u>	<u>\$ (801,299)</u>	<u>\$ 62,573,599</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (36,837,949)	\$ (1,125,511)	\$ -	\$ (37,963,460)
Furniture, equipment and vehicles	<u>(4,890,592)</u>	<u>(483,075)</u>	<u>377,500</u>	<u>(4,996,167)</u>
Total accumulated depreciation	<u>\$ (41,728,541)</u>	<u>\$ (1,608,586)</u>	<u>\$ 377,500</u>	<u>\$ (42,959,627)</u>
Capital assets being depreciated, net	<u>\$ 18,332,761</u>	<u>\$ 1,705,010</u>	<u>\$ (423,799)</u>	<u>\$ 19,613,972</u>
Net capital assets	<u>\$ 19,070,461</u>	<u>\$ 1,705,010</u>	<u>\$ (423,799)</u>	<u>\$ 20,351,672</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 13—Capital Assets: (Continued)

Discretely Presented Component Unit: (Continued)

School board depreciation expense for the year ended June 30, 2008 amounted to \$1,341,778.

⁽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, 2008, is that school financed assets in the amount of \$39,174,679 are reported in the Primary Government for financial reporting purposes.

Note 14—Deposits and Investments:

Deposits

All cash of the primary government and its discretely presented component units are 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. Under the act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

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) and Asian Development Bank, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, 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 \$498,459 investments in repurchase agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department, but not in the County's name. The County's policy on repurchase agreements states that third party safekeeping is not required for agreements of five days or less.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 14—Deposits and Investments: (Continued)

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)).
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 as a direct investment with a market value of not less than fifty percent of the deposit amount where the depository is a commercial bank and not less than one hundred percent of the deposit amount where the depository is a savings and loan or savings bank. 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)

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 14—Deposits and Investments: (Continued)

Credit Risk of Debt Securities (Continued)

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 and 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 and 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 and 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)

The County’s rated debt investments as of June 30, 2008 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	A	A1	Unrated
U.S. Agencies	\$ 9,457,548	\$ -	\$ -	\$ -	-
Corporate Debt	258,690	220,039	-	-	-
Money Market Mutual Fund	801,549	-	-	-	-
External Investment Pools	35,769,033	-	-	-	-
Repurchase Agreements - Underlying: U.S. Agency Securities	498,459	-	-	-	-
Total	\$ 46,785,279	\$ 220,039	\$ -	\$ -	\$ -

Concentration of Credit Risk

The County had investments at June 30, 2008, with more than 5 percent of the total in securities of the Federal Home Loan Mortgage Corporation. These investments represented 17 percent, of total investments at June 30, 2008.

Interest Rate Risk

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

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 14—Deposits and Investments: (Continued)

Interest Rate Risk: (Continued)

Investment Maturities (in years)					
Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
U.S. Treasuries	\$ 1,721,341	\$ -	\$ 1,721,341	\$ -	\$ -
U.S. Agencies	8,234,666	1,651,822	6,582,844	-	-
Commercial Paper	<u>478,729</u>	<u>-</u>	<u>478,729</u>	<u>-</u>	<u>-</u>
Total	\$ <u>10,434,736</u>	\$ <u>1,651,822</u>	\$ <u>8,782,914</u>	\$ <u>-</u>	\$ <u>-</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.

Note 15—Surety Bonds:

Fidelity and Deposit Company of Maryland - Surety:	
Linda S. Timmons, Clerk of the Circuit Court	\$ 24,000
Phyllis M. Yancey, Treasurer	400,000
Donna 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	
William Crawford, Superintendent of Schools	10,000
Laura Zastrow, Clerk of the School Board	10,000
Maryland Casualty Company - Surety	
R. Mark Johnson, Supervisor	1,000
Teri L. Pace, Supervisor	1,000
S. Teel Goodwin, Jr., Supervisor	1,000
Zack Burkett, Supervisor	1,000
Lee Frame, Supervisor	1,000
William C. Rolfe, County Administrator	3,000

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 16—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.

Note 17—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 \$2,188,941 reported as landfill closure care liability at June 30, 2008, represents the cumulative amount reported based on the use of 70.00 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure care in 2008. 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.

Note 18—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, 2008 (Continued)

Note 19—Designated Fund Balances:

The following fund balances were designated for subsequent expenditure at June 30, 2008:

Primary Government:	
General Fund:	
Local DARE program	\$ 4,033
Destroyed livestock/poultry program	11,779
Spay/neuter deposits	10,980
Park contributions	250
School construction	606
Pool contributions	30,134
Total General Fund	\$ 57,782
Revenue Maximization Fund	55,856
County Capital Projects Fund	16,320,777
School Capital Projects Fund	5,080,211
Sub-total	\$ 21,514,626
Discretely Presented Component Unit-School Board:	
School Textbook Adoptions Fund	\$ 599,084
Adult Education	33,392
Sub-total	\$ 632,476
Total	\$ 22,147,102

Note 20—Reserved Fund Balances:

The following fund balances were reserved for debt service:

Debt Service \$ 1,371,161

The Board of Supervisors reserved interest earnings on borrowed funds to offset future debt service as indicated above.

The following fund balances were reserved to provide funding to protect the financial stability of the county in the event of any future financial hardships.

Financial stability \$ 11,924,047

The Board of Supervisors has voted to carry an annual reserve that is equal to 15 percent of the budgeted operating expenditures for the next fiscal year.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 21—Adjustment to Beginning Balances:

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

	Fund Balance	Net Assets			Fund Balance/ Net Assets
	General Fund	Governmental Activities	Business- Type Activities Airport	Business- Type Activities Landfill	Economic Development Authority
Balance July 1, 2007, before adjustment	\$ 18,032,696	\$ 28,107,121	\$ 6,016,258	\$ 902,050	\$ 1,045,610
Capital assets, net	-	240,885	755,958	56,736	-
Correct cash balance	324,321	324,321	-	-	(324,321)
Capital lease	-	(591,177)	-	-	-
Balance, July 1, 2007, as adjusted	<u>\$ 18,357,017</u>	<u>\$ 28,081,150</u>	<u>\$ 6,772,216</u>	<u>\$ 958,786</u>	<u>\$ 721,289</u>

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 26,967,015	\$ 26,967,015	\$ 28,258,629	\$ 1,291,614
Other local taxes	6,116,860	6,116,860	6,288,756	171,896
Permits, privilege fees, and regulatory licenses	425,950	425,950	306,181	(119,769)
Fines and forfeitures	1,000	1,000	407	(593)
Revenue from the use of money and property	788,000	788,000	1,274,021	486,021
Charges for services	2,559,331	2,653,135	2,042,829	(610,306)
Miscellaneous	92,500	226,888	667,430	440,542
Recovered costs	27,722	138,658	171,527	32,869
Intergovernmental revenues:				
Commonwealth	5,984,720	6,862,690	6,334,787	(527,903)
Federal	10,000	444,304	715,341	271,037
Total revenues	\$ 42,973,098	\$ 44,624,500	\$ 46,059,908	\$ 1,435,408
EXPENDITURES				
Current:				
General government administration	\$ 3,429,805	\$ 3,258,353	\$ 2,936,254	\$ 322,099
Judicial administration	1,261,387	1,448,395	1,405,644	42,751
Public safety	7,986,355	8,769,476	8,472,602	296,874
Public works	749,342	940,520	697,084	243,436
Health and welfare	1,290,363	2,156,477	1,990,661	165,816
Education	17,436,240	17,724,605	17,148,492	576,113
Parks, recreation, and cultural	3,095,734	3,147,053	2,650,633	496,420
Community development	1,373,933	1,840,372	1,681,742	158,630
Nondepartmental	325,000	93,091	1,929	91,162
Total expenditures	\$ 36,948,159	\$ 39,378,342	\$ 36,985,041	\$ 2,393,301
Excess (deficiency) of revenues over (under) expenditures	\$ 6,024,939	\$ 5,246,158	\$ 9,074,867	\$ 3,828,709
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 32,500	\$ 32,500	\$ -
Transfers out	(9,112,174)	(9,543,574)	(9,529,445)	14,129
Total other financing sources and uses	\$ (9,112,174)	\$ (9,511,074)	\$ (9,496,945)	\$ 14,129
Net change in fund balance	\$ (3,087,235)	\$ (4,264,916)	\$ (422,078)	\$ 3,842,838
Fund balance - beginning, as adjusted	3,087,235	4,264,916	18,357,017	14,092,101
Fund balance - ending	\$ -	\$ -	\$ 17,934,939	\$ 17,934,939

Virginia Public Assistance Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2008

	<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	\$ 659,795	\$ 659,795	\$ 666,597	\$ 6,802
Federal	2,217,276	2,217,276	1,285,023	(932,253)
Total revenues	<u>\$ 2,877,071</u>	<u>\$ 2,877,071</u>	<u>\$ 1,951,620</u>	<u>\$ (925,451)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 2,877,071	\$ 2,877,071	\$ 2,491,537	\$ 385,534
Total expenditures	<u>\$ 2,877,071</u>	<u>\$ 2,877,071</u>	<u>\$ 2,491,537</u>	<u>\$ 385,534</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (539,917)	\$ (539,917)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 625,625	\$ 625,625
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 625,625</u>	<u>\$ 625,625</u>
Net change in fund balances	\$ -	\$ -	\$ 85,708	\$ 85,708
Fund balances - beginning	-	-	62,419	62,419
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,127</u>	<u>\$ 148,127</u>

Schedule of Pension Funding Progress
As of June 30, 2008

PRIMARY GOVERNMENT:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/07 \$	15,157,733	\$ 17,175,962	\$ 2,018,229	88.25%	\$ 8,182,908	24.66%
06/30/06	12,936,138	14,182,760	1,246,622	91.21%	6,708,895	18.58%
06/30/05	11,600,058	13,875,361	2,275,303	83.60%	6,273,451	36.27%

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 (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/07 \$	5,990,541	\$ 5,757,230	\$ (233,311)	104.05%	\$ 2,576,936	-9.05%
06/30/06	5,305,605	5,105,019	(200,586)	103.93%	2,486,594	-8.07%
06/30/05	4,999,751	4,721,394	(278,357)	105.90%	1,986,302	-14.01%

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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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Principal retirement	\$ 2,939,868	\$ 2,948,470	\$ 3,011,120	\$ (62,650)
Interest and other fiscal charges	2,631,450	2,636,978	2,574,325	62,653
Total expenditures	\$ 5,571,318	\$ 5,585,448	\$ 5,585,445	\$ 3
Excess (deficiency) of revenues over (under) expenditures	\$ (5,571,318)	\$ (5,585,448)	\$ (5,585,445)	\$ 3
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 4,691,130	\$ 4,705,260	\$ 4,691,130	\$ (14,130)
Issuance of lease revenue and refunding bonds	-	10,359,432	10,359,432	-
Payment to bond escrow agent	-	(10,359,432)	(10,359,432)	-
Total other financing sources and uses	\$ 4,691,130	\$ 4,705,260	\$ 4,691,130	\$ (14,130)
Net change in fund balances	\$ (880,188)	\$ (880,188)	\$ (894,315)	\$ (14,127)
Fund balances - beginning	880,188	880,188	2,265,476	1,385,288
Fund balances - ending	\$ -	\$ -	\$ 1,371,161	\$ 1,371,161

County Capital Improvements Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 578,122	\$ 578,122
Miscellaneous	50,000	50,000	7,884	(42,116)
Intergovernmental revenues:				
Commonwealth	45,000	45,000	-	(45,000)
Federal	700,000	700,000	468,861	(231,139)
Total revenues	<u>\$ 795,000</u>	<u>\$ 795,000</u>	<u>\$ 1,054,867</u>	<u>\$ 259,867</u>
EXPENDITURES				
Capital projects	\$ 2,494,010	\$ 23,838,811	\$ 9,375,803	\$ 14,463,008
Debt service:				
Bond issuance costs	-	654,634	636,298	18,336
Total expenditures	<u>\$ 2,494,010</u>	<u>\$ 24,493,445</u>	<u>\$ 10,012,101</u>	<u>\$ 14,481,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,699,010)</u>	<u>\$ (23,698,445)</u>	<u>\$ (8,957,234)</u>	<u>\$ 14,741,211</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,396,210	\$ 1,702,153	\$ 1,702,154	\$ 1
Transfers out	-	(2,244,595)	(2,244,595)	-
Issuance of capital lease	-	455,402	1,644,968	1,189,566
Issuance of lease revenue and refunding bonds	-	20,875,568	20,875,568	-
Discount on lease revenue and refunding bonds	-	(724,544)	(724,544)	-
Total other financing sources and uses	<u>\$ 1,396,210</u>	<u>\$ 20,063,984</u>	<u>\$ 21,253,551</u>	<u>\$ 1,189,567</u>
Net change in fund balances	\$ (302,800)	\$ (3,634,461)	\$ 12,296,317	\$ 15,930,778
Fund balances - beginning	302,800	3,634,461	4,024,460	389,999
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,320,777</u>	<u>\$ 16,320,777</u>

School Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 52,409	\$ 236,954	\$ 184,545
Total revenues	\$ -	\$ 52,409	\$ 236,954	\$ 184,545
EXPENDITURES				
Capital projects	\$ 627,395	\$ 8,392,166	\$ 3,380,756	\$ 5,011,410
Total expenditures	\$ 627,395	\$ 8,392,166	\$ 3,380,756	\$ 5,011,410
Excess (deficiency) of revenues over (under) expenditures	\$ (627,395)	\$ (8,339,757)	\$ (3,143,802)	\$ 5,195,955
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 2,212,095	\$ 2,212,095	\$ -
Issuance of Indebtedness	-	5,220,000	5,220,000	-
Premium on bonds	-	280,267	280,267	-
Total other financing sources and uses	\$ -	\$ 7,712,362	\$ 7,712,362	\$ -
Net change in fund balances	\$ (627,395)	\$ (627,395)	\$ 4,568,560	\$ 5,195,955
Fund balances - beginning	627,395	627,395	511,651	(115,744)
Fund balances - ending	\$ -	\$ -	\$ 5,080,211	\$ 5,080,211

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 As of June 30, 2008

	<u>Asset Forfeiture Fund</u>	<u>Revenue Maximization Fund</u>	<u>Law Library Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 7,434	\$ 55,765	\$ 28,461	\$ 91,660
Due from other funds	-	91	-	91
Total assets	<u>\$ 7,434</u>	<u>\$ 55,856</u>	<u>\$ 28,461</u>	<u>\$ 91,751</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,163	-	-	\$ 1,163
Total liabilities	<u>\$ 1,163</u>	<u>-</u>	<u>-</u>	<u>\$ 1,163</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditure	\$ -	\$ 55,856	\$ -	\$ 55,856
Undesignated	6,271	-	28,461	34,732
Total fund balances	<u>\$ 6,271</u>	<u>\$ 55,856</u>	<u>\$ 28,461</u>	<u>\$ 90,588</u>
Total liabilities and fund balances	<u>\$ 7,434</u>	<u>\$ 55,856</u>	<u>\$ 28,461</u>	<u>\$ 91,751</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2008

	Asset Forfeiture Fund	Revenue Maximization Fund	Law Library Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 629	\$ -	\$ -	\$ 629
Charges for services	-	-	3,847	3,847
Miscellaneous	742	-	-	742
Intergovernmental revenues:				
Commonwealth	2,623	-	-	2,623
Total revenues	<u>\$ 3,994</u>	<u>\$ -</u>	<u>\$ 3,847</u>	<u>\$ 7,841</u>
EXPENDITURES				
Current:				
Judicial administration	-	-	1,795	1,795
Public safety	3,941	-	-	3,941
Total expenditures	<u>\$ 3,941</u>	<u>\$ -</u>	<u>\$ 1,795</u>	<u>\$ 5,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 2,052</u>	<u>\$ 2,105</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	24,560	24,560
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,560</u>	<u>\$ 24,560</u>
Net change in fund balances	\$ 53	\$ -	\$ 26,612	\$ 26,665
Fund balances - beginning, as adjusted	6,218	55,856	1,849	63,923
Fund balances - ending	<u>\$ 6,271</u>	<u>\$ 55,856</u>	<u>\$ 28,461</u>	<u>\$ 90,588</u>

COUNTY OF ORANGE, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2008

	Asset Forfeiture Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 629	\$ 629
Charges for services	-	-	-	-
Miscellaneous	-	702	742	40
Intergovernmental revenues:				
Commonwealth	-	2,917	2,623	(294)
Total revenues	<u>\$ -</u>	<u>\$ 3,619</u>	<u>\$ 3,994</u>	<u>\$ 375</u>
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ -	\$ -	-
Public safety	-	9,837	3,941	5,896
Total expenditures	<u>\$ -</u>	<u>\$ 9,837</u>	<u>\$ 3,941</u>	<u>\$ 5,896</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (6,218)</u>	<u>\$ 53</u>	<u>\$ 6,271</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	-
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (6,218)	\$ 53	\$ 6,271
Fund balances - beginning, as adjusted	-	6,218	6,218	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,271</u></u>	<u><u>\$ 6,271</u></u>

Revenue Maximization Fund				Law Library Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	3,800	3,800	3,847	47
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 3,800	\$ 3,800	\$ 3,847	\$ 47
\$ -	\$ -	\$ -	\$ -	\$ 3,800	\$ 30,846	\$ 1,795	\$ 29,051
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 3,800	\$ 30,846	\$ 1,795	\$ 29,051
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27,046)	\$ 2,052	\$ 29,098
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,560	\$ 24,560	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,560	\$ 24,560	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,486)	\$ 26,612	\$ 29,098
-	-	55,856	55,856	-	2,486	1,849	(637)
\$ -	\$ -	\$ 55,856	\$ 55,856	\$ -	\$ -	\$ 28,461	\$ 28,461

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 As of June 30, 2008

	<u>Agency Funds</u>				<u>Total</u>
	<u>Special Welfare</u>	<u>Rapidan Hills Partnership Fund</u>	<u>Commonwealth Fund</u>	<u>Bond Escrow Agency Fund</u>	
ASSETS					
Cash and cash equivalents	\$ 33,208	\$ 7,376	\$ 4,135	\$ 360,115	\$ 404,834
Total assets	<u>\$ 33,208</u>	<u>\$ 7,376</u>	<u>\$ 4,135</u>	<u>\$ 360,115</u>	<u>\$ 404,834</u>
LIABILITIES					
Amounts held for social services clients	\$ 33,208	\$ -	\$ -	\$ -	\$ 33,208
Amounts held for Rapidan Hills Limited Partnership	-	7,376	-	-	7,376
Amounts held for others	-	-	4,135	360,115	364,250
Total liabilities	<u>\$ 33,208</u>	<u>\$ 7,376</u>	<u>\$ 4,135</u>	<u>\$ 360,115</u>	<u>\$ 404,834</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund				
ASSETS				
Cash and cash equivalents	\$ 31,181	\$ 25,355	\$ 23,328	\$ 33,208
Total assets	<u>\$ 31,181</u>	<u>\$ 25,355</u>	<u>\$ 23,328</u>	<u>\$ 33,208</u>
LIABILITIES				
Amounts held for social services clients	\$ 31,181	\$ 25,355	\$ 23,328	\$ 33,208
Total liabilities	<u>\$ 31,181</u>	<u>\$ 25,355</u>	<u>\$ 23,328</u>	<u>\$ 33,208</u>
Rapidan Hills Limited Partnership				
ASSETS				
Cash and cash equivalents	\$ 6,992	\$ 384	\$ -	\$ 7,376
Total assets	<u>\$ 6,992</u>	<u>\$ 384</u>	<u>\$ -</u>	<u>\$ 7,376</u>
LIABILITIES				
Amounts held for Rapidan Hills Limited Partnership	\$ 6,992	\$ 384	\$ -	\$ 7,376
Total liabilities	<u>\$ 6,992</u>	<u>\$ 384</u>	<u>\$ -</u>	<u>\$ 7,376</u>
Commonwealth Fund				
ASSETS				
Cash and cash equivalents	\$ 16,684	\$ -	\$ 12,549	\$ 4,135
Total assets	<u>\$ 16,684</u>	<u>\$ -</u>	<u>\$ 12,549</u>	<u>\$ 4,135</u>
LIABILITIES				
Amounts held for others	\$ 16,684	\$ -	\$ 12,549	\$ 4,135
Total liabilities	<u>\$ 16,684</u>	<u>\$ -</u>	<u>\$ 12,549</u>	<u>\$ 4,135</u>
Bond Escrow Agency Fund				
ASSETS				
Cash and cash equivalents	\$ 353,383	\$ 6,732	\$ -	\$ 360,115
Total assets	<u>\$ 353,383</u>	<u>\$ 6,732</u>	<u>\$ -</u>	<u>\$ 360,115</u>
LIABILITIES				
Amounts held for others	\$ 353,383	\$ 6,732	\$ -	\$ 360,115
Total liabilities	<u>\$ 353,383</u>	<u>\$ 6,732</u>	<u>\$ -</u>	<u>\$ 360,115</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 408,240	\$ 32,471	\$ 35,877	\$ 404,834
Total assets	<u>\$ 408,240</u>	<u>\$ 32,471</u>	<u>\$ 35,877</u>	<u>\$ 404,834</u>
LIABILITIES				
Amounts held for social services clients	\$ 31,181	\$ 25,355	\$ 23,328	\$ 33,208
Amounts held for Rapidan Hills Limited Partnership	6,992	384	-	7,376
Amounts held for others	370,067	6,732	12,549	364,250
Total liabilities	<u>\$ 408,240</u>	<u>\$ 32,471</u>	<u>\$ 35,877</u>	<u>\$ 404,834</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.

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, 2008

	<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	\$ 1,467	\$ 599,084	\$ -	\$ 61,697	\$ 662,248
Receivables (net of allowance for uncollectibles):					
Accounts receivable	39,210	-	6,503	1,688	47,401
Due from primary government	3,046,180	-	-	-	3,046,180
Due from other governmental units	1,030,892	-	52,466	-	1,083,358
Total assets	<u>\$ 4,117,749</u>	<u>\$ 599,084</u>	<u>\$ 58,969</u>	<u>\$ 63,385</u>	<u>\$ 4,839,187</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Reconciled overdraft	\$ -	\$ -	\$ 25,518	\$ -	\$ 25,518
Accounts payable	626,128	-	59	29,880	656,067
Accrued liabilities	3,491,621	-	-	-	3,491,621
Total liabilities	<u>\$ 4,117,749</u>	<u>\$ -</u>	<u>\$ 25,577</u>	<u>\$ 29,880</u>	<u>\$ 4,173,206</u>

Fund balances:

Unreserved:					
Designated for subsequent expenditure	\$ -	\$ 599,084	\$ 33,392	\$ -	\$ 632,476
Undesignated	-	-	-	33,505	33,505
Total fund balances	<u>\$ -</u>	<u>\$ 599,084</u>	<u>\$ 33,392</u>	<u>\$ 33,505</u>	<u>\$ 665,981</u>
Total liabilities and fund balances	<u>\$ 4,117,749</u>	<u>\$ 599,084</u>	<u>\$ 58,969</u>	<u>\$ 63,385</u>	<u>\$ 4,839,187</u>

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

Total fund balances per above	\$ 665,981
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,351,672
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(561,813)</u>
Net assets of governmental activities	<u>\$ 20,455,840</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, 2008

	<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	\$ 21,452	\$ -	\$ -	\$ -	\$ 21,452
Charges for services	55,815	-	62,883	959,867	1,078,565
Miscellaneous	123,489	-	-	-	123,489
Intergovernmental revenues:					
Local government	16,843,310	300,000	-	-	17,143,310
Commonwealth	24,634,892	-	67,433	23,805	24,726,130
Federal	1,818,068	-	158,103	1,577,947	3,554,118
Total revenues	<u>\$ 43,497,026</u>	<u>\$ 300,000</u>	<u>\$ 288,419</u>	<u>\$ 2,561,619</u>	<u>\$ 46,647,064</u>
EXPENDITURES					
Current:					
Education	\$ 43,413,300	\$ -	\$ 282,919	\$ 2,528,114	\$ 46,224,333
Total expenditures	<u>\$ 43,413,300</u>	<u>\$ -</u>	<u>\$ 282,919</u>	<u>\$ 2,528,114</u>	<u>\$ 46,224,333</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 83,726</u>	<u>\$ 300,000</u>	<u>\$ 5,500</u>	<u>\$ 33,505</u>	<u>\$ 422,731</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ -	\$ 83,726	\$ 83,726
Transfers out	(83,726)	-	-	-	(83,726)
Total other financing sources and uses	<u>\$ (83,726)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,726</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 300,000	\$ 5,500	\$ 117,231	\$ 422,731
Fund balances - beginning	-	299,084	27,892	(83,726)	243,250
Fund balances - ending	<u>\$ -</u>	<u>\$ 599,084</u>	<u>\$ 33,392</u>	<u>\$ 33,505</u>	<u>\$ 665,981</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	\$ 422,731
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.	1,281,211
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>23,572</u>
Change in net assets of governmental activities	<u>\$ 1,727,514</u>

COUNTY OF ORANGE, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 15,000	\$ 15,000	\$ 21,452	\$ 6,452
Charges for services	47,500	47,500	55,815	8,315
Miscellaneous	66,000	101,000	123,489	22,489
Intergovernmental revenues:				
Local government	17,131,058	17,419,423	16,843,310	(576,113)
Commonwealth	24,927,884	24,927,884	24,634,892	(292,992)
Federal	2,024,492	2,024,492	1,818,068	(206,424)
Total revenues	<u>\$ 44,211,934</u>	<u>\$ 44,535,299</u>	<u>\$ 43,497,026</u>	<u>\$ (1,038,273)</u>
EXPENDITURES				
Current:				
Education	\$ 44,126,934	\$ 44,451,573	\$ 43,413,300	\$ 1,038,273
Total expenditures	<u>\$ 44,126,934</u>	<u>\$ 44,451,573</u>	<u>\$ 43,413,300</u>	<u>\$ 1,038,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 85,000</u>	<u>\$ 83,726</u>	<u>\$ 83,726</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(85,000)	(83,726)	(83,726)	-
Total other financing sources and uses	<u>\$ (85,000)</u>	<u>\$ (83,726)</u>	<u>\$ (83,726)</u>	<u>\$ -</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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	86,226	86,226	62,883	(23,343)
-	-	-	-	-	-	-	-
300,000	300,000	300,000	-	-	-	-	-
-	-	-	-	74,858	74,858	67,433	(7,425)
-	-	-	-	144,831	144,831	158,103	13,272
<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 305,915</u>	<u>\$ 305,915</u>	<u>\$ 288,419</u>	<u>\$ (17,496)</u>
<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 305,915</u>	<u>\$ 305,915</u>	<u>\$ 282,919</u>	<u>\$ 22,996</u>
<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 305,915</u>	<u>\$ 305,915</u>	<u>\$ 282,919</u>	<u>\$ 22,996</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,500</u>	<u>\$ 5,500</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ 5,500	\$ 5,500
-	-	299,084	299,084	-	-	27,892	27,892
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,084</u>	<u>\$ 599,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,392</u>	<u>\$ 33,392</u>

Combining Balance Sheet

Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board

As of June 30, 2008

	School Cafeteria Fund	Head Start Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 60,943	\$ 754	\$ 61,697
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,688	-	1,688
Total assets	<u>\$ 62,631</u>	<u>\$ 754</u>	<u>\$ 63,385</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 29,126	\$ 754	\$ 29,880
Total liabilities	<u>\$ 29,126</u>	<u>\$ 754</u>	<u>\$ 29,880</u>
Fund balances:			
Unreserved:			
Undesignated	\$ 33,505	-	\$ 33,505
Total fund balances	<u>\$ 33,505</u>	<u>\$ -</u>	<u>\$ 33,505</u>
Total liabilities and fund balances	<u>\$ 62,631</u>	<u>\$ 754</u>	<u>\$ 63,385</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, 2008

	School Cafeteria Fund	Head Start Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Charges for services	\$ 959,867	\$ -	\$ 959,867
Intergovernmental revenues:			
Commonwealth	23,805	-	23,805
Federal	<u>654,986</u>	<u>922,961</u>	<u>1,577,947</u>
Total revenues	<u>\$ 1,638,658</u>	<u>\$ 922,961</u>	<u>\$ 2,561,619</u>
 EXPENDITURES			
Current:			
Education	<u>\$ 1,605,153</u>	<u>\$ 922,961</u>	<u>\$ 2,528,114</u>
Total expenditures	<u>\$ 1,605,153</u>	<u>\$ 922,961</u>	<u>\$ 2,528,114</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ 33,505</u>	 <u>\$ -</u>	 <u>\$ 33,505</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	<u>\$ 83,726</u>	<u>\$ -</u>	<u>\$ 83,726</u>
Total other financing sources and uses	<u>\$ 83,726</u>	<u>\$ -</u>	<u>\$ 83,726</u>
 Net change in fund balances	 \$ 117,231	 \$ -	 \$ 117,231
Fund balances - beginning	<u>(83,726)</u>	<u>-</u>	<u>(83,726)</u>
Fund balances - ending	<u><u>\$ 33,505</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,505</u></u>

COUNTY OF ORANGE, VIRGINIA

Combining Statement 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, 2008

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 843,726	\$ 946,579	\$ 959,867	\$ 13,288
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	22,707	22,707	23,805	1,098
Federal	639,838	639,838	654,986	15,148
Total revenues	<u>\$ 1,506,271</u>	<u>\$ 1,609,124</u>	<u>\$ 1,638,658</u>	<u>\$ 29,534</u>
EXPENDITURES				
Current:				
Education	\$ 1,506,271	\$ 1,692,850	\$ 1,605,153	\$ 87,697
Total expenditures	<u>\$ 1,506,271</u>	<u>\$ 1,692,850</u>	<u>\$ 1,605,153</u>	<u>\$ 87,697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (83,726)</u>	<u>\$ 33,505</u>	<u>\$ 117,231</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 83,726	\$ 83,726	\$ -
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 83,726</u>	<u>\$ 83,726</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 117,231	\$ 117,231
Fund balances - beginning	-	-	(83,726)	(83,726)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,505</u>	<u>\$ 33,505</u>

Exhibit 28

Head Start Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
925,600	925,600	922,961	(2,639)
<u>\$ 925,600</u>	<u>\$ 925,600</u>	<u>\$ 922,961</u>	<u>\$ (2,639)</u>
\$ 925,600	\$ 925,600	\$ 922,961	\$ 2,639
<u>\$ 925,600</u>	<u>\$ 925,600</u>	<u>\$ 922,961</u>	<u>\$ 2,639</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<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, 2008

	<u>Economic Development Authority</u>
ASSETS	
Cash and cash equivalents	\$ 1,122,693
Due from primary government	22,871
Total assets	<u>\$ 1,145,564</u>
FUND BALANCES	
Fund balances:	
Unreserved:	
Undesignated	\$ 1,145,564
Total liabilities and fund balances	<u>\$ 1,145,564</u>
<p>Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:</p>	
Total fund balances per above	\$ 1,145,564
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>	<u>22</u>
Net assets of governmental activities	<u>\$ 1,145,586</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - Economic Development Authority
 For the Year Ended June 30, 2008

	Total Governmental Funds
REVENUES	
Revenue from the use of money and property	\$ 45,544
Miscellaneous	663,304
Intergovernmental revenues:	
Contribution from County of Organge	<u>177,056</u>
Total revenues	<u>\$ 885,904</u>
 EXPENDITURES	
Current:	
Miscellaneous - contingencies and incentives	\$ <u>461,629</u>
Total expenditures	<u>\$ 461,629</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ 424,275</u>
 Fund balances - beginning, as restated	 <u>721,289</u>
Fund balances - ending	<u>\$ <u>1,145,564</u></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	\$ 424,275
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>22</u>
Change in net assets of governmental activities	<u>\$ <u>424,297</u></u>

Supporting Schedules

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

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	\$ 19,999,864	\$ 19,999,864	\$ 21,392,458	\$ 1,392,594
Real and personal public service corporation taxes	1,300,000	1,300,000	752,996	(547,004)
Personal property taxes	3,990,506	3,990,506	4,193,660	203,154
Mobile home taxes	30,450	30,450	27,552	(2,898)
Machinery and tools taxes	1,030,495	1,030,495	1,245,477	214,982
Merchants' capital taxes	148,000	148,000	136,541	(11,459)
Airplanes	17,800	17,800	17,896	96
Boats	134,900	134,900	151,787	16,887
Penalties	230,000	230,000	248,360	18,360
Interest	85,000	85,000	91,902	6,902
Total general property taxes	<u>\$ 26,967,015</u>	<u>\$ 26,967,015</u>	<u>\$ 28,258,629</u>	<u>\$ 1,291,614</u>
Other local taxes:				
Local sales and use taxes	\$ 2,140,000	\$ 2,140,000	\$ 2,065,302	\$ (74,698)
Consumers' utility taxes	900,000	900,000	2,174,844	1,274,844
Consumption taxes	130,000	130,000	88,810	(41,190)
Cable franchise taxes	50,000	50,000	-	(50,000)
E-911 telephone taxes	370,000	370,000	170	(369,830)
Cellular phone taxes	358,000	358,000	-	(358,000)
Utility license taxes	27,000	27,000	42,407	15,407
Motor vehicle licenses	641,860	641,860	626,497	(15,363)
Bank stock taxes	30,000	30,000	32,029	2,029
Taxes on recordation and wills	900,000	900,000	699,013	(200,987)
Hotel and motel room taxes	50,000	50,000	18,780	(31,220)
Restaurant food taxes	520,000	520,000	540,904	20,904
Total other local taxes	<u>\$ 6,116,860</u>	<u>\$ 6,116,860</u>	<u>\$ 6,288,756</u>	<u>\$ 171,896</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,000	\$ 9,000	\$ 15,301	\$ 6,301
Land use application fees	6,000	6,000	5,006	(994)
Transfer fees	2,000	2,000	1,352	(648)
Building and related permits	322,000	322,000	216,652	(105,348)
Zoning and related permits	86,950	86,950	67,870	(19,080)
Total permits, privilege fees, and regulatory licenses	<u>\$ 425,950</u>	<u>\$ 425,950</u>	<u>\$ 306,181</u>	<u>\$ (119,769)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,000	\$ 1,000	\$ 407	\$ (593)
Revenue from use of money and property:				
Revenue from use of money	\$ 700,000	\$ 700,000	\$ 1,151,904	\$ 451,904
Revenue from use of property	88,000	88,000	122,117	34,117
Total revenue from use of money and property	<u>\$ 788,000</u>	<u>\$ 788,000</u>	<u>\$ 1,274,021</u>	<u>\$ 486,021</u>
Charges for services:				
Excess fees of clerk	\$ 141,619	\$ 141,619	\$ 67,384	\$ (74,235)
Charges for law enforcement and traffic control	260,000	275,468	212,403	(63,065)
Charges for courthouse maintenance	12,000	12,000	14,101	2,101
Charges for EMS services	600,000	649,000	650,562	1,562

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (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 Commonwealth's Attorney	\$ 1,000	\$ 1,136	\$ 1,954	\$ 818
Charges for other protection	57,900	77,982	82,370	4,388
Charges for tourism	-	-	927	927
Charges for parks and recreation	1,463,012	1,463,012	976,803	(486,209)
Charges for maps and surveys	1,400	1,400	1,407	7
Charges for library	22,400	31,518	34,918	3,400
Total charges for services	<u>\$ 2,559,331</u>	<u>\$ 2,653,135</u>	<u>\$ 2,042,829</u>	<u>\$ (610,306)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 40,800	\$ 207,388	\$ 609,109	\$ 401,721
Donations	51,700	19,500	58,321	38,821
Total miscellaneous revenue	<u>\$ 92,500</u>	<u>\$ 226,888</u>	<u>\$ 667,430</u>	<u>\$ 440,542</u>
Recovered costs:				
Judge's secretary	\$ 24,722	\$ 24,722	\$ 34,366	\$ 9,644
Insurance recoveries	-	110,936	118,620	7,684
Other recovered costs	3,000	3,000	18,541	15,541
Total recovered costs	<u>\$ 27,722</u>	<u>\$ 138,658</u>	<u>\$ 171,527</u>	<u>\$ 32,869</u>
Total revenue from local sources	<u>\$ 36,978,378</u>	<u>\$ 37,317,506</u>	<u>\$ 39,009,780</u>	<u>\$ 1,692,274</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	42,839	2,839
Mobile home titling tax	30,000	30,000	25,451	(4,549)
Motor vehicle rental tax	2,200	2,200	2,395	195
State recordation tax	178,000	178,000	166,883	(11,117)
Personal property tax relief funds	2,763,073	2,763,073	2,763,073	-
Total noncategorical aid	<u>\$ 3,037,613</u>	<u>\$ 3,037,613</u>	<u>\$ 3,024,981</u>	<u>\$ (12,632)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 229,633	\$ 229,633	\$ 222,298	\$ (7,335)
Sheriff	1,291,601	1,305,013	1,296,651	(8,362)
Commissioner of revenue	113,177	113,177	113,056	(121)
Treasurer	126,172	126,172	126,200	28
Medical examiner	500	500	-	(500)
Registrar/electoral board	45,476	45,476	63,502	18,026
Clerk of the Circuit Court	250,384	356,519	343,637	(12,882)
Total shared expenses	<u>\$ 2,056,943</u>	<u>\$ 2,176,490</u>	<u>\$ 2,165,344</u>	<u>\$ (11,146)</u>
Other categorical aid:				
Emergency medical services - four for life	\$ 26,000	\$ 30,393	\$ 51,796	\$ 21,403
EMS/fire grant	30,000	37,900	5,489	(32,411)
Library grant	192,000	199,304	239,298	39,994
Virginia Commission for the Arts	4,500	4,500	4,967	467
Comprehensive services act	269,000	775,127	570,990	(204,137)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (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)				
Victim-witness grant	\$ 50,000	\$ 50,000	\$ 10,407	\$ (39,593)
DCJS senior security grant	-	-	204	204
Virginia crime control grant	30,364	29,605	37,196	7,591
E-911 Wireless funds	-	-	108,754	108,754
Tobacco grant	-	24,295	18,331	(5,964)
Fire programs	48,000	197,436	53,436	(144,000)
School resource officer	25,000	25,000	9,935	(15,065)
Other state funds	215,300	275,027	33,659	(241,368)
Total other categorical aid	<u>\$ 890,164</u>	<u>\$ 1,648,587</u>	<u>\$ 1,144,462</u>	<u>\$ (504,125)</u>
Total categorical aid	<u>\$ 2,947,107</u>	<u>\$ 3,825,077</u>	<u>\$ 3,309,806</u>	<u>\$ (515,271)</u>
Total revenue from the Commonwealth	<u>\$ 5,984,720</u>	<u>\$ 6,862,690</u>	<u>\$ 6,334,787</u>	<u>\$ (527,903)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ -	\$ -	\$ 1,340	\$ 1,340
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ 21,125	\$ 8,945	\$ (12,180)
Highway Planning and Construction - Montpelier Project	-	409,884	409,884	-
SAFER Grant	-	-	219,740	219,740
Child and adult food program	10,000	10,000	8,334	(1,666)
COPS grant	-	3,295	59,198	55,903
Homeland security	-	-	7,900	7,900
Total categorical aid	<u>\$ 10,000</u>	<u>\$ 444,304</u>	<u>\$ 714,001</u>	<u>\$ 269,697</u>
Total revenue from the federal government	<u>\$ 10,000</u>	<u>\$ 444,304</u>	<u>\$ 715,341</u>	<u>\$ 271,037</u>
Total General Fund	<u>\$ 42,973,098</u>	<u>\$ 44,624,500</u>	<u>\$ 46,059,908</u>	<u>\$ 1,435,408</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 659,795	\$ 659,795	\$ 666,597	\$ 6,802
Total revenue from the Commonwealth	<u>\$ 659,795</u>	<u>\$ 659,795</u>	<u>\$ 666,597</u>	<u>\$ 6,802</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,217,276	\$ 2,217,276	\$ 1,285,023	\$ (932,253)
Total revenue from the federal government	<u>\$ 2,217,276</u>	<u>\$ 2,217,276</u>	<u>\$ 1,285,023</u>	<u>\$ (932,253)</u>
Total Virginia Public Assistance Fund	<u>\$ 2,877,071</u>	<u>\$ 2,877,071</u>	<u>\$ 1,951,620</u>	<u>\$ (925,451)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (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	\$ -	\$ -	\$ 629	\$ 629
Miscellaneous revenue:				
Miscellaneous revenue	\$ -	\$ 702	\$ 742	\$ 40
Total revenue from local sources	\$ -	\$ 702	\$ 1,371	\$ 669
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ -	\$ 2,917	\$ 2,623	(294)
Total revenue from the commonwealth	\$ -	\$ 2,917	\$ 2,623	(294)
Total Asset Forfeiture Fund	\$ -	\$ 3,619	\$ 3,994	375
Law Library Fund				
Charges for services:				
Law library fees	\$ 3,800	\$ 3,800	\$ 3,847	\$ 47
Total revenue from local sources	\$ 3,800	\$ 3,800	\$ 3,847	\$ 47
Total Law Library Fund	\$ 3,800	\$ 3,800	\$ 3,847	\$ 47
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 578,122	\$ 578,122
Miscellaneous revenue:				
Miscellaneous Revenue	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Proffer revenue	-	-	7,884	7,884
Total miscellaneous revenue	\$ 50,000	\$ 50,000	\$ 7,884	\$ (42,116)
Total revenue from local sources	\$ 50,000	\$ 50,000	\$ 586,006	\$ 536,006
Revenue from the Commonwealth:				
Categorical aid:				
DEQ Water Supply Planning Grant	\$ 45,000	\$ 45,000	\$ -	\$ (45,000)
Total categorical aid	45,000	45,000	-	(45,000)
Total revenue from the Commonwealth	\$ 45,000	\$ 45,000	\$ -	\$ (45,000)
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ 700,000	\$ 700,000	\$ 468,861	\$ (231,139)
Total revenue from the federal government	\$ 700,000	\$ 700,000	\$ 468,861	\$ (231,139)
Total County Capital Improvements Fund	\$ 795,000	\$ 795,000	\$ 1,054,867	\$ 259,867
School Capital Projects Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 184,545	\$ 184,545
Revenue from the use of property	-	52,409	52,409	-
Total revenue from use of money and property	\$ -	\$ 52,409	\$ 236,954	\$ 184,545
Total School Capital Projects Fund	\$ -	\$ 52,409	\$ 236,954	\$ 184,545
Total Primary Government	\$ 46,648,969	\$ 48,356,399	\$ 49,311,190	\$ 954,791

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 15,000	\$ 15,000	\$ 21,452	\$ 6,452
Charges for services:				
Charges for education	\$ 47,500	\$ 47,500	\$ 55,815	\$ 8,315
Miscellaneous revenue:				
Miscellaneous revenue	\$ 66,000	\$ 101,000	\$ 123,489	\$ 22,489
Total revenue from local sources	\$ 128,500	\$ 163,500	\$ 200,756	\$ 37,256
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Orange, Virginia	\$ 17,131,058	\$ 17,419,423	\$ 16,843,310	\$ (576,113)
Total revenues from local governments	\$ 17,131,058	\$ 17,419,423	\$ 16,843,310	\$ (576,113)
Categorical aid:				
Share of state sales tax	\$ 4,438,876	\$ 4,438,876	\$ 4,279,986	\$ (158,890)
Basic school aid	13,588,447	13,588,447	13,327,493	(260,954)
Teacher incentive - salary supplement	562,432	562,432	827,506	265,074
Remedial summer education	101,730	101,730	90,063	(11,667)
Regular foster care	88,156	88,156	59,287	(28,869)
Gifted and talented	117,173	117,173	114,534	(2,639)
Remedial education	219,700	219,700	214,751	(4,949)
Special education	1,552,546	1,552,546	1,517,571	(34,975)
Textbook payment	293,753	293,753	287,136	(6,617)
Vocational standards of quality payments	246,064	246,064	240,521	(5,543)
Social security fringe benefits	682,534	682,534	667,158	(15,376)
Retirement fringe benefits	963,750	963,750	999,306	35,556
Group life insurance instructional	41,011	41,011	34,360	(6,651)
State lottery payments	676,617	676,617	637,952	(38,665)
Early reading intervention	45,207	45,207	43,648	(1,559)
Special education - regional jails	9,124	9,124	-	(9,124)
Homebound education	42,730	42,730	25,227	(17,503)
Career and technical education	7,717	7,717	18,604	10,887
Special education - Regional programs	202,186	202,186	207,525	5,339
At risk payments	172,873	172,873	150,570	(22,303)
GED funding	7,859	7,859	7,859	-
K-3 Initiative	390,360	390,360	363,532	(26,828)
Technology	1,000	1,000	-	(1,000)
Standards of Learning algebra readiness	30,379	30,379	28,744	(1,635)
English as a second language	30,030	30,030	54,684	24,654
School construction funds	157,630	157,630	156,910	(720)
VPSA technology funds	258,000	258,000	258,000	-
Other state funds	-	-	21,965	21,965
Total categorical aid	\$ 24,927,884	\$ 24,927,884	\$ 24,634,892	\$ (292,992)
Total revenue from the Commonwealth	\$ 24,927,884	\$ 24,927,884	\$ 24,634,892	\$ (292,992)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (continued)				
Special Revenue Funds: (continued)				
School Operating Fund: (continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 619,401	\$ 619,401	\$ 575,620	\$ (43,781)
Title VI-B, special education flow-through	979,801	979,801	855,109	(124,692)
Vocational education	63,500	63,500	64,170	670
Title VI-B, special education pre-school	29,733	29,733	39,996	10,263
Drug free schools	19,500	19,500	36,436	16,936
Title II, Technology	6,775	6,775	4,981	(1,794)
Title II, Teacher Quality	235,714	235,714	174,149	(61,565)
Title III, Limited English Proficiency	6,863	6,863	3,240	(3,623)
JROTC	58,290	58,290	53,783	(4,507)
Title V, Part A - Innovative programs	4,915	4,915	9,842	4,927
AP grants	-	-	742	742
Total categorical aid	<u>\$ 2,024,492</u>	<u>\$ 2,024,492</u>	<u>\$ 1,818,068</u>	<u>\$ (206,424)</u>
Total revenue from the federal government	<u>\$ 2,024,492</u>	<u>\$ 2,024,492</u>	<u>\$ 1,818,068</u>	<u>\$ (206,424)</u>
Total School Operating Fund	<u>\$ 44,211,934</u>	<u>\$ 44,535,299</u>	<u>\$ 43,497,026</u>	<u>\$ (1,038,273)</u>
School Textbook Adoption Fund:				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Orange, Virginia	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>
Total revenue from local governments	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>
Total School Textbook Adoption Fund	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>
Adult Education Fund:				
Revenue from local sources:				
Charges for services:				
Charges for Education	<u>\$ 86,226</u>	<u>\$ 86,226</u>	<u>\$ 62,883</u>	<u>\$ (23,343)</u>
Total revenue from local sources	<u>\$ 86,226</u>	<u>\$ 86,226</u>	<u>\$ 62,883</u>	<u>\$ (23,343)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	<u>\$ 74,858</u>	<u>\$ 74,858</u>	<u>\$ 67,433</u>	<u>\$ (7,425)</u>
Total revenue from the Commonwealth	<u>\$ 74,858</u>	<u>\$ 74,858</u>	<u>\$ 67,433</u>	<u>\$ (7,425)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (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: (continued)				
Revenue from the federal government:				
Categorical aid:				
Adult basic education	\$ 144,831	\$ 144,831	\$ 158,103	\$ 13,272
Total revenue from the federal government	\$ 144,831	\$ 144,831	\$ 158,103	\$ 13,272
Total Adult Education Fund	<u>\$ 305,915</u>	<u>\$ 305,915</u>	<u>\$ 288,419</u>	<u>\$ (17,496)</u>
School Cafeteria Fund:				
Charges for services:				
Cafeteria sales	\$ 843,726	\$ 946,579	\$ 959,867	\$ 13,288
Total revenue from local sources	\$ 843,726	\$ 946,579	\$ 959,867	\$ 13,288
Categorical aid:				
School food program grant	\$ 22,707	\$ 22,707	\$ 23,805	\$ 1,098
Total revenue from the Commonwealth	<u>\$ 22,707</u>	<u>\$ 22,707</u>	<u>\$ 23,805</u>	<u>\$ 1,098</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 639,838	\$ 639,838	\$ 654,986	\$ 15,148
Total revenue from the federal government	\$ 639,838	\$ 639,838	\$ 654,986	\$ 15,148
Total School Cafeteria Fund	<u>\$ 1,506,271</u>	<u>\$ 1,609,124</u>	<u>\$ 1,638,658</u>	<u>\$ 29,534</u>
Head Start Fund:				
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 925,600	\$ 925,600	\$ 922,961	\$ (2,639)
Total revenue from the federal government	\$ 925,600	\$ 925,600	\$ 922,961	\$ (2,639)
Total Head Start Fund	<u>\$ 925,600</u>	<u>\$ 925,600</u>	<u>\$ 922,961</u>	<u>\$ (2,639)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 47,249,720</u>	<u>\$ 47,675,938</u>	<u>\$ 46,647,064</u>	<u>\$ (1,028,874)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 150,729	\$ 179,270	\$ 141,182	\$ 38,088
General and financial administration:				
County administrator	\$ 557,095	\$ 597,830	\$ 576,403	\$ 21,427
Legal services	47,752	61,044	55,777	5,267
County attorney	133,948	151,265	140,245	11,020
Human resources	560,940	326,357	203,700	122,657
Independent auditor	44,500	44,500	39,472	5,028
Commissioner of revenue	399,063	415,263	367,382	47,881
Reassessment	150,000	-	-	-
Treasurer	368,963	392,344	388,998	3,346
Finance	329,836	358,735	345,240	13,495
Data processing	534,970	565,556	527,571	37,985
Other general and financial administration	7,877	7,877	7,785	92
Total general and financial administration	<u>\$ 3,134,944</u>	<u>\$ 2,920,771</u>	<u>\$ 2,652,573</u>	<u>\$ 268,198</u>
Board of elections:				
Electoral board and officials	\$ 44,380	\$ 58,560	\$ 55,449	\$ 3,111
Registrar	99,752	99,752	87,050	12,702
Total board of elections	<u>\$ 144,132</u>	<u>\$ 158,312</u>	<u>\$ 142,499</u>	<u>\$ 15,813</u>
Total general government administration	<u>\$ 3,429,805</u>	<u>\$ 3,258,353</u>	<u>\$ 2,936,254</u>	<u>\$ 322,099</u>
Judicial administration:				
Courts:				
Circuit court	\$ 82,192	\$ 98,531	\$ 95,621	\$ 2,910
General district court	17,200	17,200	11,174	6,026
Special magistrates	5,550	5,550	4,867	683
Clerk of the circuit court	446,621	594,000	565,928	28,072
Sheriff	433,844	446,792	444,005	2,787
Total courts	<u>\$ 985,407</u>	<u>\$ 1,162,073</u>	<u>\$ 1,121,595</u>	<u>\$ 40,478</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 275,980	\$ 286,322	\$ 284,049	\$ 2,273
Total commonwealth's attorney	<u>\$ 275,980</u>	<u>\$ 286,322</u>	<u>\$ 284,049</u>	<u>\$ 2,273</u>
Total judicial administration	<u>\$ 1,261,387</u>	<u>\$ 1,448,395</u>	<u>\$ 1,405,644</u>	<u>\$ 42,751</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,222,294	\$ 2,494,454	\$ 2,446,701	\$ 47,753
E-911 and central dispatch	728,176	803,435	802,043	1,392
Victim Witness Program	62,478	60,833	59,273	1,560
Other law enforcement	170,461	174,271	167,711	6,560
Total law enforcement and traffic control	<u>\$ 3,183,409</u>	<u>\$ 3,532,993</u>	<u>\$ 3,475,728</u>	<u>\$ 57,265</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (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	\$ 382,069	\$ 382,069	\$ 382,069	\$ -
Volunteer rescue departments	111,923	111,923	111,923	-
Emergency medical services	2,834,526	3,059,293	2,943,883	115,410
Other fire and rescue services	111,800	105,367	99,451	5,916
Total fire and rescue services	<u>\$ 3,440,318</u>	<u>\$ 3,658,652</u>	<u>\$ 3,537,326</u>	<u>\$ 121,326</u>
Correction and detention:				
Jointly operated institutions	\$ 204,945	\$ 272,945	\$ 272,063	\$ 882
Probation office	2,500	2,995	2,912	83
Total correction and detention	<u>\$ 207,445</u>	<u>\$ 275,940</u>	<u>\$ 274,975</u>	<u>\$ 965</u>
Inspections:				
Building	\$ 457,951	\$ 465,564	\$ 428,463	\$ 37,101
Total inspections	<u>\$ 457,951</u>	<u>\$ 465,564</u>	<u>\$ 428,463</u>	<u>\$ 37,101</u>
Other protection:				
Animal control	\$ 562,484	\$ 677,318	\$ 650,296	\$ 27,022
Medical examiner	1,200	1,200	360	840
Emergency services (civil defense)	132,448	157,059	105,454	51,605
Sludge monitor	1,100	750	-	750
Total other protection	<u>\$ 697,232</u>	<u>\$ 836,327</u>	<u>\$ 756,110</u>	<u>\$ 80,217</u>
Total public safety	<u>\$ 7,986,355</u>	<u>\$ 8,769,476</u>	<u>\$ 8,472,602</u>	<u>\$ 296,874</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 749,342	\$ 940,520	\$ 697,084	\$ 243,436
Total public works	<u>\$ 749,342</u>	<u>\$ 940,520</u>	<u>\$ 697,084</u>	<u>\$ 243,436</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 370,551	\$ 378,151	\$ 378,169	\$ (18)
Total health	<u>\$ 370,551</u>	<u>\$ 378,151</u>	<u>\$ 378,169</u>	<u>\$ (18)</u>
Mental health and mental retardation:				
Community services board	\$ 151,217	\$ 151,217	\$ 151,217	\$ -
Total mental health and mental retardation	<u>\$ 151,217</u>	<u>\$ 151,217</u>	<u>\$ 151,217</u>	<u>\$ -</u>
Welfare:				
Board of public welfare	\$ 3,000	\$ 3,000	\$ 2,000	\$ 1,000
State and local hospitalization	11,000	12,912	10,762	2,150
Welfare funeral supplements	500	500	-	500
Comprehensive youth services act and administration	584,099	1,342,163	1,216,300	125,863
Virginia juvenile crime control act	40,751	40,757	40,699	58

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (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)				
Youth commission	\$ 102,009	\$ 125,571	\$ 120,658	\$ 4,913
Youth substance abuse programs	8,000	20,378	8,941	11,437
Smart beginnings	-	30,000	30,127	(127)
Tobacco settlement foundation	5,186	29,481	20,577	8,904
Skyline CAP grant	5,000	11,297	5,580	5,717
At risk program	3,050	3,050	670	2,380
Project excel	6,000	8,000	4,961	3,039
Total welfare	<u>\$ 768,595</u>	<u>\$ 1,627,109</u>	<u>\$ 1,461,275</u>	<u>\$ 165,834</u>
Total health and welfare	<u>\$ 1,290,363</u>	<u>\$ 2,156,477</u>	<u>\$ 1,990,661</u>	<u>\$ 165,816</u>
Education:				
Other instructional costs:				
Contributions to Germanna Community College	\$ 5,182	\$ 5,182	\$ 5,182	\$ -
Contribution to County School Board	17,431,058	17,719,423	17,143,310	576,113
Total education	<u>\$ 17,436,240</u>	<u>\$ 17,724,605</u>	<u>\$ 17,148,492</u>	<u>\$ 576,113</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 262,666	\$ 266,951	\$ 228,031	\$ 38,920
Recreation programs	598,609	600,725	438,040	162,685
Child Care	1,221,603	1,233,349	954,050	279,299
Total parks and recreation	<u>\$ 2,082,878</u>	<u>\$ 2,101,025</u>	<u>\$ 1,620,121</u>	<u>\$ 480,904</u>
Cultural enrichment:				
James Madison Memorial Foundation	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
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	25,119	25,119	25,119	-
Total cultural enrichment	<u>\$ 42,619</u>	<u>\$ 42,619</u>	<u>\$ 42,619</u>	<u>\$ -</u>
Library:				
Orange County library	\$ 582,268	\$ 605,222	\$ 595,053	\$ 10,169
Wilderness library	262,168	270,183	268,480	1,703
Gordonsville library	125,801	128,004	124,360	3,644
Total library	<u>\$ 970,237</u>	<u>\$ 1,003,409</u>	<u>\$ 987,893</u>	<u>\$ 15,516</u>
Total parks, recreation, and cultural	<u>\$ 3,095,734</u>	<u>\$ 3,147,053</u>	<u>\$ 2,650,633</u>	<u>\$ 496,420</u>
Community development:				
Planning and community development:				
Planning & zoning	\$ 378,421	\$ 435,349	\$ 391,915	\$ 43,434
Planning district commission	18,486	18,486	18,485	1
Community development	14,500	467,002	424,384	42,618
Planning commission	47,920	27,920	11,738	16,182

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Community development: (continued)				
Zoning appeals board	\$ 5,600	\$ 11,962	\$ 9,513	\$ 2,449
Economic development	217,008	166,278	130,225	36,053
Contribution to Economic Development Authority	173,510	177,056	177,056	-
Tourism	323,074	340,480	328,334	12,146
Total planning and community development	<u>\$ 1,178,519</u>	<u>\$ 1,644,533</u>	<u>\$ 1,491,650</u>	<u>\$ 152,883</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 54,676	\$ 54,676	\$ 54,676	-
Virginia division of forestry	5,925	5,925	5,925	-
Total environmental management	<u>\$ 60,601</u>	<u>\$ 60,601</u>	<u>\$ 60,601</u>	<u>-</u>
Cooperative extension program:				
VPI extension program	\$ 134,813	\$ 135,238	\$ 129,491	\$ 5,747
Total community development	<u>\$ 1,373,933</u>	<u>\$ 1,840,372</u>	<u>\$ 1,681,742</u>	<u>\$ 158,630</u>
Nondepartmental:				
Contingencies	\$ 325,000	\$ 93,091	-	\$ 93,091
Miscellaneous	-	-	1,929	(1,929)
Total nondepartmental	<u>\$ 325,000</u>	<u>\$ 93,091</u>	<u>\$ 1,929</u>	<u>\$ 91,162</u>
Total General Fund	<u>\$ 36,948,159</u>	<u>\$ 39,378,342</u>	<u>\$ 36,985,041</u>	<u>\$ 2,393,301</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,877,071	\$ 2,877,071	\$ 2,491,537	\$ 385,534
Total health and welfare	<u>\$ 2,877,071</u>	<u>\$ 2,877,071</u>	<u>\$ 2,491,537</u>	<u>\$ 385,534</u>
Total Virginia Public Assistance Fund	<u>\$ 2,877,071</u>	<u>\$ 2,877,071</u>	<u>\$ 2,491,537</u>	<u>\$ 385,534</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (continued)				
Asset Forfeiture Fund				
Public safety:				
Commonwealth's attorney:				
Commonwealth's attorney	\$ -	\$ 3,324	\$ -	\$ 3,324
Law enforcement and traffic control:				
Sheriff	\$ -	\$ 6,513	\$ 3,941	\$ 2,572
Total public safety	\$ -	\$ 9,837	\$ 3,941	\$ 5,896
Total Asset Forfeiture fund	\$ -	\$ 9,837	\$ 3,941	\$ 5,896
Law Library Fund				
Judicial administration				
Courts:				
Law library	\$ 3,800	\$ 30,846	\$ 1,795	\$ 29,051
Total Law Library Fund	\$ 3,800	\$ 30,846	\$ 1,795	\$ 29,051
Debt Service Fund				
Debt service:				
Principal retirement	\$ 2,939,868	\$ 2,948,470	\$ 3,011,120	\$ (62,650)
Interest and other fiscal charges	2,631,450	2,636,978	2,574,325	62,653
Total School Debt Service Fund	\$ 5,571,318	\$ 5,585,448	\$ 5,585,445	\$ 3
Capital Projects Fund:				
County Capital Improvements Fund:				
Capital projects expenditures:				
Courthouse renovation project	\$ 242,822	\$ 242,822	\$ 7,833	\$ 234,989
Business park	50,000	50,000	-	50,000
Neighborhood park	258,000	125,000	-	125,000
Remodel buildings	-	28,741	25,441	3,300
Reassessment	-	150,000	-	150,000
Library projects	-	778,676	26,248	752,428
Animal shelter	-	11,435	-	11,435
Water reserve project	-	208,001	-	208,001
E-911 and central dispatch	-	47,490	46,246	1,244
Wireless project	485,388	616,728	105,556	511,172
Fire & rescue projects	260,000	713,402	662,332	51,070
Postal project	195,000	196,278	18,969	177,309
Timbertruss project	23,800	23,800	16,000	7,800
Force main installation	330,000	501,048	386,353	114,695
Pump station installation	649,000	649,000	425,661	223,339
Nursing home	-	19,496,390	7,655,164	11,841,226
Total capital projects	\$ 2,494,010	\$ 23,838,811	\$ 9,375,803	\$ 14,463,008
Debt service:				
Bond issuance costs	\$ -	\$ 654,634	\$ 636,298	\$ 18,336
Total debt service	\$ -	\$ 654,634	\$ 636,298	\$ 18,336
Total Capital Projects Fund	\$ 2,494,010	\$ 24,493,445	\$ 10,012,101	\$ 14,481,344

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (Continued)

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
School Capital Projects Fund:				
Capital projects expenditures:				
School construction/renovation	\$ 627,395	\$ 8,392,166	\$ 3,380,756	\$ 5,011,410
Total capital projects	<u>\$ 627,395</u>	<u>\$ 8,392,166</u>	<u>\$ 3,380,756</u>	<u>\$ 5,011,410</u>
Total School Capital Projects Fund	<u>\$ 627,395</u>	<u>\$ 8,392,166</u>	<u>\$ 3,380,756</u>	<u>\$ 5,011,410</u>
Total Primary Government	<u>\$ 48,521,753</u>	<u>\$ 80,767,155</u>	<u>\$ 58,460,616</u>	<u>\$ 22,271,592</u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 77,615	\$ 77,615	\$ 75,077	\$ 2,538
Executive administration services	381,126	396,619	364,687	31,932
Personnel	380,192	395,975	354,792	41,183
Fiscal services	396,389	396,389	357,034	39,355
School nurses	313,140	313,140	313,870	(730)
School psychologist	234,154	234,154	232,237	1,917
Other administrative costs	89,145	99,150	87,714	11,436
Total administration of schools	<u>\$ 1,871,761</u>	<u>\$ 1,913,042</u>	<u>\$ 1,785,411</u>	<u>\$ 127,631</u>
Instruction costs:				
Elementary and secondary schools	\$ 27,016,925	\$ 26,951,463	\$ 26,019,158	\$ 932,305
Guidance services	828,814	822,602	726,700	95,902
Social worker services	66,711	66,957	66,976	(19)
Other instructional costs	2,121,845	2,262,492	1,964,545	297,947
Media services	681,490	675,491	679,117	(3,626)
Office of the principal	2,530,448	2,532,761	2,499,043	33,718
Total instruction costs	<u>\$ 33,246,233</u>	<u>\$ 33,311,766</u>	<u>\$ 31,955,539</u>	<u>\$ 1,356,227</u>
Operating costs:				
Pupil transportation	\$ 3,167,046	\$ 3,167,046	\$ 3,423,954	\$ (256,908)
Operation and maintenance of school plant	4,410,610	4,344,287	4,439,257	(94,970)
Facilities	230,773	385,808	328,606	57,202
Technology	1,200,511	1,329,624	1,480,533	(150,909)
Total operating costs	<u>\$ 9,008,940</u>	<u>\$ 9,226,765</u>	<u>\$ 9,672,350</u>	<u>\$ (445,585)</u>
Total education	<u>\$ 44,126,934</u>	<u>\$ 44,451,573</u>	<u>\$ 43,413,300</u>	<u>\$ 1,038,273</u>
Total School Fund	<u>\$ 44,126,934</u>	<u>\$ 44,451,573</u>	<u>\$ 43,413,300</u>	<u>\$ 1,038,273</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (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)				
School Textbook Adoption Fund:				
Education:				
Instruction costs:				
Textbook Adoptions	\$ 300,000	\$ 300,000	\$ -	\$ 300,000
Total education	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>
Total School Textbook Adoption Fund	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>
Adult Education Fund:				
Education:				
Instruction	\$ 305,915	\$ 305,915	\$ 282,919	\$ 22,996
Total Adult Education Fund	<u>\$ 305,915</u>	<u>\$ 305,915</u>	<u>\$ 282,919</u>	<u>\$ 22,996</u>
Cafeteria Fund:				
Education:				
School food services				
Administration of school food program	\$ 1,506,271	\$ 1,692,850	\$ 1,605,153	\$ 87,697
Total education	<u>\$ 1,506,271</u>	<u>\$ 1,692,850</u>	<u>\$ 1,605,153</u>	<u>\$ 87,697</u>
Total Cafeteria Fund	<u>\$ 1,506,271</u>	<u>\$ 1,692,850</u>	<u>\$ 1,605,153</u>	<u>\$ 87,697</u>
Head Start Fund:				
Education:				
Instruction	\$ 925,600	\$ 925,600	\$ 922,961	\$ 2,639
Total Head Start Fund	<u>\$ 925,600</u>	<u>\$ 925,600</u>	<u>\$ 922,961</u>	<u>\$ 2,639</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 47,164,720</u>	<u>\$ 47,675,938</u>	<u>\$ 46,224,333</u>	<u>\$ 1,451,605</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.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 2,823,689	\$ 3,762,291	\$ 7,389,293	\$ 9,363,277	\$ 4,870,909	\$ 6,899,872
Unrestricted	<u>8,289,588</u>	<u>17,045,551</u>	<u>21,901,113</u>	<u>24,799,517</u>	<u>23,236,212</u>	<u>22,349,138</u>
Total governmental activities net assets	<u>\$ 11,113,277</u>	<u>\$ 20,807,842</u>	<u>\$ 29,290,406</u>	<u>\$ 34,162,794</u>	<u>\$ 28,107,121</u>	<u>\$ 29,249,010</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 5,756,300	\$ 8,274,862
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,162,008</u>	<u>828,666</u>
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,918,308</u>	<u>\$ 9,103,528</u>
Primary government						
Invested in capital assets, net of related debt	\$ 2,823,689	\$ 3,762,291	\$ 7,389,293	\$ 9,363,277	\$ 10,627,209	\$ 15,174,734
Unrestricted	<u>8,289,588</u>	<u>17,045,551</u>	<u>21,901,113</u>	<u>24,799,517</u>	<u>24,398,220</u>	<u>23,177,804</u>
Total primary government net assets	<u>\$ 11,113,277</u>	<u>\$ 20,807,842</u>	<u>\$ 29,290,406</u>	<u>\$ 34,162,794</u>	<u>\$ 35,025,429</u>	<u>\$ 38,352,538</u>

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

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 1,790,631	\$ 1,646,727	\$ 2,341,890	\$ 2,763,001	\$ 3,003,694	\$ 3,387,068
Judicial administration	954,897	945,917	1,101,740	1,181,123	1,240,757	1,377,117
Public safety	4,033,313	4,585,509	5,393,425	6,247,025	8,695,463	8,715,289
Public works	1,635,586	1,063,492	1,880,492	1,539,839	1,218,688	616,698
Health and welfare	3,066,903	3,263,359	3,516,557	3,518,227	3,790,421	4,490,368
Education	16,140,469	17,949,742	11,331,591	18,215,899	17,154,592	20,282,099
Parks, recreation and cultural	1,587,098	1,768,321	1,968,330	2,189,340	2,583,963	2,646,279
Community development	1,147,338	861,578	665,415	1,720,063	2,167,702	1,737,481
Interest on long-term debt	3,060,620	2,790,069	2,635,335	2,810,123	2,617,981	2,690,659
Total governmental activities expenses	\$ 33,416,855	\$ 34,874,714	\$ 30,834,775	\$ 40,184,640	\$ 42,473,261	\$ 45,943,058
Business-type activities:						
Airport	\$ -	\$ -	\$ -	\$ -	\$ 488,408	\$ 568,900
Landfill	-	-	-	-	2,061,273	3,161,506
Total business-type activities expenses	\$ -	\$ -	\$ -	\$ -	\$ 2,549,681	\$ 3,730,406
Total primary government expenses	\$ 33,416,855	\$ 34,874,714	\$ 30,834,775	\$ 40,184,640	\$ 45,022,942	\$ 49,673,464
Program Revenues						
Governmental activities:						
Charges for services:						
Judicial administration	\$ 51,601	\$ 80,264	\$ 215,273	\$ 168,416	\$ 155,591	\$ 87,693
Public safety	174,905	664,997	893,633	985,938	911,715	960,636
Public works	267,471	403,609	358,607	502,646	543,931	292,287
Parks, recreation and cultural	615,252	737,063	816,855	967,809	1,084,077	1,012,648
Community development	3,825	816	3,189	2,960	-	-
Operating grants and contributions	4,121,566	4,421,239	4,775,102	5,132,282	5,805,572	5,568,166
Capital grants and contributions	1,581,316	331,373	1,418,746	1,709,449	1,114,046	878,745
Total governmental activities program revenues	\$ 6,815,936	\$ 6,639,361	\$ 8,481,405	\$ 9,469,500	\$ 9,614,932	\$ 8,800,175
Business-type activities:						
Charges for services:						
Airport	\$ -	\$ -	\$ -	\$ -	\$ 281,737	\$ 285,453
Landfill	-	-	-	-	452,795	531,189
Operating grants and contributions	-	-	-	-	622,321	1,766,434
Total business-type activities program revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,356,853	\$ 2,583,076
Total primary government program revenues	\$ 6,815,936	\$ 6,639,361	\$ 8,481,405	\$ 9,469,500	\$ 10,971,785	\$ 11,383,251
Net (expense) / revenue						
Governmental activities	\$ (26,600,919)	\$ (28,235,353)	\$ (22,353,370)	\$ (30,715,140)	\$ (32,858,329)	\$ (37,142,883)
Total primary government net expense	\$ (26,600,919)	\$ (28,235,353)	\$ (22,353,370)	\$ (30,715,140)	\$ (34,051,157)	\$ (38,290,213)

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Revenues and 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
Local sales and use taxes	1,685,245	1,835,213	1,941,534	2,073,563	2,102,596	2,065,302
Consumers' utility taxes	836,980	865,991	824,666	1,003,459	1,087,064	2,174,844
Consumption taxes	73,830	101,583	78,857	122,586	87,131	88,810
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
Taxes on recordation and wills	360,837	439,586	818,847	1,180,858	794,539	699,013
Restaurant food taxes	332,144	340,754	409,958	429,096	541,263	540,904
Other local taxes	144,306	83,040	102,631	92,602	84,397	93,386
Permits, privilege fees, and regulatory licenses	366,971	-	-	-	-	-
Unrestricted revenues from use of money and property	841,844	484,998	630,817	1,285,767	1,414,945	2,091,066
Miscellaneous	304,424	221,720	297,771	1,508,103	195,531	676,056
Unrestricted grants and contributions	2,667,730	2,760,591	2,810,083	3,213,729	2,870,001	3,024,981
Transfers	-	-	-	-	(3,087,955)	(2,485,976)
Total governmental activities	\$ 27,423,690	\$ 37,929,918	\$ 30,905,430	\$ 35,587,528	\$ 31,790,590	\$ 38,310,743
Business-type activities:						
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ -	\$ 35,247	\$ 33,880
Transfers	-	-	-	-	3,087,955	2,485,976
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ 3,123,202	\$ 2,519,856
Total primary government	\$ 27,423,690	\$ 37,929,918	\$ 30,905,430	\$ 35,587,528	\$ 34,913,792	\$ 40,830,599
Change in Net Assets						
Governmental activities	\$ 822,771	\$ 9,694,565	\$ 8,552,060	\$ 4,872,388	\$ (1,067,739)	\$ 1,167,860
Business-type activities	-	-	-	-	1,930,374	1,372,526
Total primary government	\$ 822,771	\$ 9,694,565	\$ 8,552,060	\$ 4,872,388	\$ 862,635	\$ 2,540,386

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 Six Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Consumption Tax	Cable Franchise Tax	E-911 Tax	Cellular Phone Tax
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	193,332
2006	23,299,421	2,073,563	1,003,459	122,586	61,553	355,080	313,258
2005	21,598,071	1,941,534	824,666	78,857	57,292	394,164	323,304
2004	29,538,450	1,835,213	865,991	101,583	51,518	362,019	261,143
2003	18,606,397	1,685,245	836,980	73,830	49,605	378,939	212,948

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

Table 3

Motor Vehicle Tax	Taxes on Recordation and Wills	Restaurant Food Tax	Other Local Tax	Total
\$ 626,497	\$ 699,013	\$ 540,904	\$ 93,386	\$ 35,004,616
35,106	794,539	541,263	84,397	30,398,068
648,453	1,180,858	429,096	92,602	29,579,929
617,435	818,847	409,958	102,631	27,166,759
583,312	439,586	340,754	83,040	34,462,609
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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>7,621,536</u>	<u>6,929,903</u>	<u>7,504,970</u>	<u>8,063,111</u>	<u>9,409,239</u>
Total general fund	<u>\$ 7,621,536</u>	<u>\$ 6,929,903</u>	<u>\$ 7,504,970</u>	<u>\$ 8,063,111</u>	<u>\$ 9,409,239</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	187,363	273,985	276,989
Capital projects funds	<u>(623,354)</u>	<u>26,772</u>	<u>27,386</u>	<u>332,158</u>	<u>30,777,443</u>
Total all other governmental funds	<u>\$ (623,354)</u>	<u>\$ 26,772</u>	<u>\$ 214,749</u>	<u>\$ 606,143</u>	<u>\$ 31,054,432</u>

Table 4

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ -	\$ -	\$ 10,299,878	\$ 10,926,181	\$ 11,924,047
<u>18,830,090</u>	<u>21,251,381</u>	<u>8,763,365</u>	<u>7,106,515</u>	<u>6,010,892</u>
<u>\$ 18,830,090</u>	<u>\$ 21,251,381</u>	<u>\$ 19,063,243</u>	<u>\$ 18,032,696</u>	<u>\$ 17,934,939</u>
\$ 1,372,806	\$ 2,415,367	\$ 3,427,367	\$ 2,265,476	\$ 1,371,161
581,870	399,756	915,799	126,342	238,715
<u>7,999,083</u>	<u>4,146,299</u>	<u>5,727,834</u>	<u>4,536,111</u>	<u>21,400,988</u>
<u>\$ 9,953,759</u>	<u>\$ 6,961,422</u>	<u>\$ 10,071,000</u>	<u>\$ 6,927,929</u>	<u>\$ 23,010,864</u>

County of Orange, Virginia

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Revenues				
General property taxes	\$ 15,558,659	\$ 15,672,480	\$ 15,985,943	\$ 17,737,805
Other local taxes	2,869,528	2,970,172	3,519,140	3,900,642
Permits, privilege fees and regulatory licenses	180,333	184,327	287,435	364,980
Fines and forfeitures	6,318	4,938	2,224	2,096
Revenue from use of money and property	557,130	622,118	607,679	427,588
Charges for services	578,290	666,504	758,442	732,674
Miscellaneous	225,909	270,369	217,186	250,355
Recovered costs	17,491	16,234	46,374	80,030
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	2,754,556	3,785,132	5,326,096	6,132,571
Federal	1,203,627	1,565,720	1,242,429	2,167,139
Total revenues	<u>\$ 23,951,841</u>	<u>\$ 25,757,994</u>	<u>\$ 27,992,948</u>	<u>\$ 31,795,880</u>
Expenditures				
General government administration	\$ 1,075,379	\$ 1,139,228	\$ 1,247,076	\$ 1,488,064
Judicial administration	786,090	792,978	923,268	939,362
Public safety	2,663,808	3,027,863	3,461,309	3,567,000
Public works	846,994	1,056,079	1,053,114	1,264,432
Health and welfare	2,098,033	2,404,772	2,757,452	3,178,928
Education	15,778	21,750	17,410	10,327
Parks, recreation and cultural	834,878	885,703	1,090,027	1,184,210
Community development	573,054	1,097,519	843,658	828,212
Nondepartmental	25,951	37,581	20,143	12,993
Capital projects	992,324	501,744	1,334,088	3,584,611
Debt service				
Principal	291,608	370,224	310,417	255,190
Interest and other fiscal charges	261,193	247,329	224,986	206,618
Bond Issue Costs	-	-	-	-
Total expenditures	<u>\$ 10,465,090</u>	<u>\$ 11,582,770</u>	<u>\$ 13,282,948</u>	<u>\$ 16,519,947</u>
Excess of revenues over (under) expenditures	<u>\$ 13,486,751</u>	<u>\$ 14,175,224</u>	<u>\$ 14,710,000</u>	<u>\$ 15,275,933</u>
Other financing sources (uses)				
Transfers in	\$ -	\$ 668,708	\$ 1,346,420	\$ 1,294,372
Transfers out	(11,612,458)	(14,885,439)	(15,293,376)	(16,920,770)
Bonds issued	-	-	-	1,300,000
Premium on bonds issued	-	-	-	-
Proceeds on Capital Leases	148,851	-	-	-
Refunding of bonds	-	-	-	-
Discount on lease revenue and refunding bonds	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>\$ (11,463,607)</u>	<u>\$ (14,216,731)</u>	<u>\$ (13,946,956)</u>	<u>\$ (14,326,398)</u>
Net change in fund balances	<u>\$ 2,023,144</u>	<u>\$ (41,507)</u>	<u>\$ 763,044</u>	<u>\$ 949,535</u>
Debt service as a percentage of noncapital expenditures	5.836%	5.573%	4.481%	3.570%

(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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	18,608,288	\$ 28,630,362	\$ 21,705,461	\$ 23,602,447	\$ 25,565,511	\$ 28,258,629
	4,636,324	4,924,159	5,568,688	6,280,508	5,185,596	6,288,756
	366,971	465,707	675,005	623,031	550,158	306,181
	11,151	1,049	1,102	1,422	1,956	407
	841,844	484,998	630,817	1,285,767	1,414,945	2,089,726
	1,101,903	1,419,993	1,611,450	2,003,316	2,143,200	2,046,676
	304,424	221,720	297,771	1,508,103	195,531	676,056
	148,211	299,298	219,577	286,981	60,490	171,527
	-	-	-	36,269	-	-
	6,093,544	5,895,673	6,174,105	6,966,667	6,692,331	7,004,007
	2,277,068	1,617,530	2,829,826	3,052,524	3,097,288	2,469,225
\$	<u>34,389,728</u>	<u>\$ 43,960,489</u>	<u>\$ 39,713,802</u>	<u>\$ 45,647,035</u>	<u>\$ 44,907,006</u>	<u>\$ 49,311,190</u>
\$	1,541,731	\$ 1,659,099	\$ 1,979,038	\$ 2,268,798	\$ 2,621,032	\$ 2,936,254
	950,529	965,949	1,099,273	1,174,246	1,283,875	1,407,439
	3,906,290	4,324,133	5,524,201	6,294,257	8,253,771	8,476,543
	1,390,671	1,438,725	1,714,695	2,061,668	613,288	697,084
	3,035,056	3,458,184	3,516,108	3,492,498	3,774,708	4,482,198
	14,304,597	12,994,395	12,380,334	15,352,687	15,406,279	17,148,492
	1,523,280	1,692,525	1,891,866	2,145,518	2,514,024	2,650,633
	1,215,602	963,910	1,077,812	1,362,168	2,146,077	1,681,742
	9,916	20,485	22,496	75,188	1,386	1,929
	22,058,313	21,895,739	6,330,765	5,611,190	2,447,742	12,756,559
	3,438,996	3,351,197	2,003,081	3,320,548	2,825,416	3,011,120
	2,660,482	2,875,970	2,675,684	2,554,408	2,914,272	2,574,325
	-	-	-	-	-	636,298
\$	<u>56,035,463</u>	<u>\$ 55,640,311</u>	<u>\$ 40,215,353</u>	<u>\$ 45,713,174</u>	<u>\$ 44,801,870</u>	<u>\$ 58,460,616</u>
\$	<u>(21,645,735)</u>	<u>(11,679,822)</u>	<u>(501,551)</u>	<u>(66,139)</u>	<u>105,136</u>	<u>(9,149,426)</u>
\$	3,349,787	\$ 3,140,289	\$ 4,996,596	\$ 6,090,826	\$ 6,891,911	\$ 9,288,064
	(3,349,787)	(3,140,289)	(4,996,596)	(6,090,826)	(9,979,866)	(11,774,040)
	28,046,200	-	-	15,214,434	-	5,220,000
	-	-	-	773,145	-	280,267
	-	-	-	-	-	1,644,968
	-	-	-	(15,000,000)	-	31,235,000
	-	-	-	-	-	(724,544)
	-	-	-	-	-	(10,359,432)
\$	<u>28,046,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,579</u>	<u>\$ (3,087,955)</u>	<u>\$ 24,810,283</u>
\$	<u>6,400,465</u>	<u>(11,679,822)</u>	<u>(501,551)</u>	<u>921,440</u>	<u>(2,982,819)</u>	<u>15,660,857</u>
	17.952%	18.454%	13.808%	14.650%	13.552%	12.092%

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	Cellular Phone Tax (2)
2008	\$ 28,258,629	\$ 2,065,302	\$ 2,174,844	\$ 88,810	\$ -	\$ -	\$ -
2007	25,565,511	2,102,596	1,087,064	87,131	71,315	188,853	193,332
2006	23,602,447	2,073,563	1,003,459	122,586	61,553	355,080	313,258
2005	21,705,461	1,941,534	824,666	78,857	57,292	394,164	323,304
2004	28,630,362	1,835,213	865,991	101,583	51,518	362,019	261,143
2003	18,608,288	1,685,245	836,980	73,830	49,605	378,939	212,948
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	-
1999	15,558,659	1,233,862	749,917	-	34,543	202,775	-

- (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

Motor Vehicle Tax	Taxes on Recordation and Wills	Restaurant Food Tax (3)	Other Local Tax	Total
\$ 626,497	\$ 699,013	\$ 540,904	\$ 93,386	\$ 34,547,385
35,106	794,539	541,263	84,397	30,751,107
648,453	1,180,858	429,096	92,602	29,882,955
617,435	818,847	409,958	102,631	27,274,149
583,312	439,586	340,754	83,040	33,554,521
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
381,150	129,466	-	137,815	18,428,187

County of Orange, Virginia

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

<u>Fiscal Year</u>	<u>Real Estate (2)</u>	<u>Personal Property (4)</u>	<u>Mobile Homes</u>	<u>Machinery and Tools (4)</u>	<u>Merchants' Capital</u>	<u>Farm Machinery (5,7)</u>
2008	\$ 5,567,913,400	\$ 351,899,437	\$ 6,073,710	\$ 62,542,275	\$ 38,635,793	-
2007	5,447,028,351	324,623,641	6,376,260	67,804,289	38,535,558	-
2006	2,297,694,000	274,370,387	7,604,983	60,500,467	34,972,515	-
2005	2,089,249,600	241,849,727	7,839,828	56,029,585	34,901,761	-
2004	1,937,505,800	238,340,293	8,257,750	60,485,416	34,456,222	-
2003	1,622,055,210	227,399,469	8,164,670	69,101,175	29,936,736	7,529,625
2002	1,567,087,710	88,755,039	7,501,740	23,971,220	31,433,053	-
2001	1,519,134,744	82,835,323	6,979,010	24,372,602	31,168,004	-
2000	1,412,919,829	76,214,203	7,180,040	24,446,430	29,647,151	-
1999	1,376,225,972	71,614,115	7,232,840	20,958,570	26,889,898	-

(1) Unable to collect reasonable estimates for the fiscal year 2006 audit report. Efforts will be made to collect this data for future reports.

(2) Real estate is assessed at 100% of fair market value.

(3) Assessed values are established by the State Corporation Commission.

(4) Personal property is assessed at 100% of fair market value as of January 1, 2002, prior assessments at 40% of fair market value.

(5) Property not taxed prior to January 1, 2002.

(6) Property not taxed prior to January 1, 2003.

(7) Board of Supervisors voted to no longer tax during the 2003-04 fiscal year.

(8) Property not taxed prior to January 1, 2005.

Source: Commissioner of Revenue

Table 7

<u>Airplanes (5)</u>	<u>Boats (6)</u>	<u>Logging Equipment (8)</u>	<u>Public Service (3)</u>	<u>Total Taxable Assessed Value</u>	<u>Direct Real Estate Tax Rate</u>	<u>Estimated Actual Taxable Value (1)</u>
\$ 3,711,290	\$ 11,582,732	\$ 509,650	\$ 135,209,462	\$ 6,178,077,749	0.470	N/A
3,403,890	9,652,980	648,950	138,595,709	6,631,423,028	0.420	N/A
2,136,935	8,162,686	611,355	70,611,891	2,756,665,219	0.870	N/A
1,248,935	7,377,229	-	105,125,010	2,543,621,675	0.840	N/A
1,294,555	7,131,398	-	119,547,772	2,407,019,206	0.840	N/A
1,499,940	-	-	101,918,634	2,067,605,459	0.870	N/A
-	-	-	103,579,420	1,822,328,182	0.850	N/A
-	-	-	98,777,188	1,763,266,871	0.720	N/A
-	-	-	99,547,161	1,649,954,814	0.700	N/A
-	-	-	105,712,452	1,608,633,847	0.680	N/A

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**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	Airplanes	Boats	Logging Equipment	
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	0.840	1.831	0.400	-	0.550	1.650	0.920	
2005	0.840	2.200	0.840	1.831	0.400	-	0.550	1.650	-	
2004	0.840	2.200	0.840	1.831	0.400	-	0.550	1.650	-	
2003	0.870	2.200	0.870	1.831	0.400	1.100	0.550	-	-	
2002	0.850	5.500	0.850	5.500	0.400	-	-	-	-	
2001	0.720	5.500	0.720	5.500	0.400	-	-	-	-	
2000	0.700	5.500	0.700	5.500	0.400	-	-	-	-	
1999	0.680	5.500	0.680	5.500	0.400	-	-	-	-	

(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 2008		Fiscal Year 1999	
		2008 Assessed Valuation (1)	% of Total Assessed Valuation	1999 Assessed Valuation (1)	% of Total Assessed Valuation
Aerojet General Corp	Manufacturing	\$ 23,100,500	1.01%	\$ -	0.00%
Holtzbrinck Publishers	Book Distributor	19,308,900	0.84%	16,290,400	1.32%
Orange Village	Shopping Center	9,429,300	0.41%	4,633,500	0.37%
American Woodmark	Manufacturing	6,725,400	0.29%	3,663,500	0.30%
PMC Distribution, Inc.	Manufacturing	5,887,300	0.26%	147,700	0.01%
General Shale	Manufacturing	5,500,100	0.24%	3,390,400	0.27%
Schooler Prop of Wilderness	Shopping Center	4,872,800	0.21%	2,790,700	0.23%
One America Place	Manufacturing	4,523,300	0.20%	2,883,900	0.23%
Lohmann Corp	Manufacturing	4,327,500	0.19%	-	0.00%
Somerset Golf Club	Recreation	4,096,300	0.18%	1,854,500	0.15%
		<u>\$ 87,771,400</u>	<u>3.82%</u>	<u>\$ 35,654,600</u>	<u>2.88%</u>

Note: Companies/entities with no amounts for fiscal year 1997 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
2008	\$ 28,931,323	\$ 28,369,702	98.06%	\$ -	\$ 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%	386,715	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%
1999	15,310,631	14,954,367	97.67%	355,919	15,310,286	100.00%

Source: Commissioner of Revenue, County Treasurer's office

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

Fiscal Years	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other Notes/Bonds	Capital Leases			
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
2000	1,865,000	-	-	1,789,090	3,654,090	0.57%	141
1999	1,960,000	-	-	2,064,314	4,024,314	0.68%	159

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)
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
2000	1,865,000	-	1,865,000	0.11%	72
1999	1,960,000	-	1,960,000	0.12%	77

(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
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	31,387	906,205,464	28,872	40-44.9	4,411	2.90%
2005	30,031	867,055,032	28,872	40-44.9	4,109	2.80%
2004	28,700	813,759,800	28,354	40-44.9	4,058	3.10%
2003	27,700	732,166,400	26,432	40-44.9	4,082	3.80%
2002	27,200	708,668,800	26,054	40-44.9	3,995	4.40%
2001	26,600	686,918,400	25,824	40-44.9	3,955	2.70%
2000	25,881	646,015,641	24,961	40-44.9	3,845	2.00%
1999	25,500	599,377,500	23,505	40-44.9	3,823	2.40%

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

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

<u>Employer</u>	<u>Fiscal Year 2008</u>			<u>Fiscal Year 1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Orange County School Board (1)	875	1	2.00%	750	1	9.81%
Germanna Community College (2), (3)	362	2	3.99%	350	2	4.58%
Von Holtzbrink Publishing (2), (4)	300	3	3.31%	287	4	3.75%
County of Orange (2), (3)	275	4	3.03%	175	6	2.29%
Orange County Nursing Home (3)	215	5	2.37%	188	5	2.46%
American Press (3)	210	6	2.31%	175	6	2.29%
Food Lion (3)	210	6	2.31%	175	6	2.29%
American Woodmark Corporation (2)	195	8	2.15%	300	3	3.92%
Ridge Tool Manufacturing (3)	165	9	1.82%	175	6	2.29%
Battlefield Farms (3)	136	10	1.50%	95	10	1.24%
Totals	<u>2,943</u>		<u>32.43%</u>	<u>2,670</u>		<u>34.91%</u>
 Total County employment	 9,074			 7,649		

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.

County of Orange, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004
Public safety						
Sheriffs department: (1)						
Physical arrests	n/a	n/a	389	871	917	945
Traffic violations	n/a	n/a	606	1,696	1,636	1,889
Civil papers	n/a	n/a	6,794	11,086	11,204	11,977
Fire and rescue:						
Number of calls answered	4,736	4,767	5,204	5,354	5,477	5,131
Building inspections:						
Permits issued	1,024	904	1,029	968	1,088	1,240
Animal control:						
Number of calls answered (1)	n/a	n/a	11,479	23,619	22,161	21,508
Public works						
General maintenance:						
Trucks/vehicles	8	9	9	10	12	12
Landfill:						
Refuse collected (tons/day)	n/a	n/a	n/a	28,980	38,583	44,211
Recycling (tons/day)	n/a	n/a	n/a	n/a	n/a	n/a
Health and welfare						
Department of Social Services:						
Caseload	n/a	n/a	n/a	n/a	2,077	3,003
Culture and recreation						
Parks and recreation:						
After-school program participants	147	145	160	221	226	274
Youth sports participants	521	647	684	792	938	915
Community development						
Planning:						
Zoning permits issued	883	681	844	784	831	1,079
Component Unit - School Board						
Education:						
School age population	3,823	3,845	3,955	3,988	4,090	4,298
Number of teachers	277	276	279	294	314	316
Local expenditures per pupil	2,866	2,778	2,840	3,033	3,078	3,388
Employee Population						
General Administration	n/a	n/a	n/a	n/a	n/a	n/a
Judicial Administration	n/a	n/a	n/a	n/a	n/a	n/a
Public Safety	n/a	n/a	n/a	n/a	n/a	n/a
Public Works	n/a	n/a	n/a	n/a	n/a	n/a
Health and Welfare	n/a	n/a	n/a	n/a	n/a	n/a
Education	n/a	n/a	n/a	n/a	n/a	n/a
Parks, recreation, and cultural	n/a	n/a	n/a	n/a	n/a	n/a
Community Development	n/a	n/a	n/a	n/a	n/a	n/a
Non-departmental	n/a	n/a	n/a	n/a	n/a	n/a
Airport	n/a	n/a	n/a	n/a	n/a	n/a
Landfill	n/a	n/a	n/a	n/a	n/a	n/a
Capital Assets						
General Administration	n/a	n/a	n/a	n/a	n/a	n/a
Judicial Administration	n/a	n/a	n/a	n/a	n/a	n/a
Public Safety	n/a	n/a	n/a	n/a	n/a	n/a
Public Works	n/a	n/a	n/a	n/a	n/a	n/a
Health and Welfare	n/a	n/a	n/a	n/a	n/a	n/a
Education	n/a	n/a	n/a	n/a	n/a	n/a
Parks, recreation, and cultural	n/a	n/a	n/a	n/a	n/a	n/a
Community Development	n/a	n/a	n/a	n/a	n/a	n/a
Non-departmental	n/a	n/a	n/a	n/a	n/a	n/a
Airport	n/a	n/a	n/a	n/a	n/a	n/a
Landfill	n/a	n/a	n/a	n/a	n/a	n/a

Source: Individual county departments

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

Table 15

2005	2006	2007	2008
976	331	1,059	996
1,894	320	1,328	2,294
11,068	3,893	11,361	11,648
5,248	4,174	5,281	5,385
1,514	980	1,207	985
25,162	8,370	947	767
13	15	15	16
56,600	71,866	76,656	47,762
876	881	n/a	4,035
2,700	3,084	n/a	n/a
315	360	379	461
1,262	866	1,139	1,864
1,276	695	764	497
4,616	n/a	4,900	5,041
347	n/a	390	386
3,006	n/a	3,280	3,418
n/a	n/a	n/a	38
n/a	n/a	n/a	23
n/a	n/a	n/a	109
n/a	n/a	n/a	8
n/a	n/a	n/a	3
n/a	n/a	n/a	-
n/a	n/a	n/a	90
n/a	n/a	n/a	13
n/a	n/a	n/a	-
n/a	n/a	n/a	5
n/a	n/a	n/a	36
n/a	n/a	n/a	11,043,280
n/a	n/a	n/a	15,023
n/a	n/a	n/a	2,585,021
n/a	n/a	n/a	33,988
n/a	n/a	n/a	-
n/a	n/a	n/a	-
n/a	n/a	n/a	184,996
n/a	n/a	n/a	5,505,549
n/a	n/a	n/a	-
n/a	n/a	n/a	5,596,081
n/a	n/a	n/a	43,790

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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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, Virginia, as of and for the year ended June 30, 2008, which collectively comprise the County of Orange, Virginia's basic financial statements and have issued our report thereon dated December 22, 2008. 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.

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 opinion 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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*.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the County of Orange, Virginia in a separate letter dated December 22, 2008.

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

Robinson, Farmer, Co. Associates

Charlottesville, Virginia
December 22, 2008

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of the County of Orange, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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 on the County of Orange, Virginia's compliance with those requirements.

In our opinion, the County of Orange, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Internal Control Over Compliance (Continued)

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Robinson, Farmer, Co. Associates

Charlottesville, Virginia
December 22, 2008

COUNTY OF ORANGE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Direct Payments:		
Headstart Program	93.600	\$ <u>922,961</u>
Pass Through Payments:		
Department of Social Services:		
Promoting Safe and Stable Families	93.556	\$ 34,046
Temporary Assistance to Needy Families (TANF)	93.558	96,443
Refugee and Entrant Assistance - Discretionary Grants	93.566	685
Low Income Home Energy Assistance	93.568	3,534
Payments to States for Child Care Assistance (Child Care Cluster)	93.575	261,533
Child Care and Development Fund (Child Care Cluster)	93.596	91,996
Chafee education and training vouchers	93.599	1,037
Child Welfare Services - State Grants	93.645	1,030
Foster Care - Title IV-E	93.658	200,121
Adoption Assistance	93.659	28,301
Social Services Block Grant	93.667	180,679
Independent Living	93.674	886
State Children's Insurance Program	93.767	8,222
Medical Assistance Program (Title XIX)	93.778	<u>146,239</u>
Total Department of Health & Human Services-pass through		\$ <u>1,054,752</u>
Total Department of Health and Human Services		\$ <u>1,977,713</u>
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	\$ <u>468,861</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution (Nursing Home and Jail)	10.550	\$ 781
Food Distribution (Child Nutrition Cluster)	10.555	118,779
Child and Adult Care Food Program	10.558	8,334
Department of Education:		
National school breakfast program (Child Nutrition Cluster)	10.553	\$ 135,012
National school lunch program (Child Nutrition Cluster)	10.555	519,974
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	\$ <u>230,271</u>
Total Department of Agriculture		\$ <u>1,013,151</u>
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments in Lieu of Taxes	15.226	\$ <u>1,340</u>

COUNTY OF ORANGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Byrne grant	16.579	\$ <u>59,198</u>
Total Department of Justice		\$ <u>59,198</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
Airport improvement program	20.106	\$ 1,603,265
Montpelier highway grant	20.205	409,884
Alcohol open container requirements	20.607	<u>8,945</u>
Total Department of Transportation		\$ <u>2,022,094</u>
Department of Homeland Security		
Pass Through Payments:		
Department of Emergency Services:		
Emergency management preparedness grant	97.042	\$ 7,900
Assistance to firefighters grant	97.044	<u>219,740</u>
Total Department of Homeland Security		\$ <u>227,640</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	\$ 158,103
Title I: Educationally deprived children	84.010	575,620
Title VI-B: Handicapped state grants (Special Education Cluster)	84.027	855,109
Vocational Education: Basic grants to states	84.048	64,170
Title VI-B: Handicapped preschool incentive grant (Special Education Cluster)	84.173	39,996
Drug free schools and communities	84.186	36,436
Title V, Part A - Innovative Education Program Strategies	84.298	9,842
Literacy Challenge Grant	84.318	4,981
Advanced Placement program	84.330	742
English language acquisition grants	84.365	3,240
Improving Teacher Quality, Title II Part A	84.367	174,149
ROTC	84.000	<u>53,783</u>
Total Department of Education		\$ <u>1,976,171</u>
Total Federal Assistance		\$ <u><u>7,746,168</u></u>

COUNTY OF ORANGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the County of Orange, Virginia and is presented on the accrual basis of accounting, as described in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

NOTE B - FOOD DISTRIBUTION:

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

NOTE C - RELATIONSHIP TO THE 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	\$ 2,469,225
Business-type activities	1,603,265
Total primary government	<u>\$ 4,072,490</u>
Discretely presented component unit - School Board:	
School operating fund	\$ 1,818,068
Adult education fund	158,103
Cafeteria fund	654,986
Head start fund	922,961
Total discretely presented component unit - School Board	<u>\$ 3,554,118</u>
Non-cash expenditures - value of donated commodities	<u>\$ 119,560</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 7,746,168</u></u>

COUNTY OF ORANGE, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs: unqualified

- Material weaknesses identified? yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? yes x no

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.575/93.596	Child Care Cluster
10.553/10.555	Child Nutrition Cluster
84.010	Title I
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Prior Year Audit Findings and Questioned Costs

None