

COUNTY OF ORANGE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2007

COUNTY OF ORANGE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2007**

Prepared by

Karen Karasinski, Director of Finance
Orange, Virginia

**COUNTY OF ORANGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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ORANGE COUNTY, VIRGINIA OFFICE OF THE COUNTY ADMINISTRATOR

WILLIAM C. ROLFE
COUNTY ADMINISTRATOR
PHONE: (540) 672-3313
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R. LINDSAY GORDON III BUILDING
112 WEST MAIN STREET
P O Box 111
ORANGE, VIRGINIA 22960

December 21, 2007

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 ended June 30, 2007 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 have been included.

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, a list of the County of Orange's principal elected and appointed officials, and a copy of the 2006 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association. 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 auditors' 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, 75 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 31,387. 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 also located within the County offers a private residential setting with recreation and open space areas. In addition, several properties adjacent to the Lake of the Woods in the Route 3 corridor are planned for future office/commercial growth.

The County is governed by a five-member Board of Supervisors which serves as the main legislative body for the County. Supervisors are elected for four-year staggered terms and are responsible for planning, developing and regulating growth, and for maintaining current County operations and services. The Board is committed to improving the quality of life for its citizens and maintaining a positive business environment for its industry and business constituents.

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, creation and maintenance of state-of-the-art infrastructure (including a County wireless telecommunications system), proactive, long term planning, and superior citizen satisfaction with County services.

Orange County Audit Highlights

Orange County sustained its economic growth with successes both in the areas of expanding existing businesses and attracting new businesses. New industries in Orange County will result in over 50 new jobs and over \$7 million investment. Two of the new additions include Holding Tree Ventures and 84 Lumber. Several existing businesses concluded planned expansions such as Zamma and MPS (formerly Von Holtzbrinck Publishing Services). Other businesses announced expansions for the coming year including the Orange County Nursing Home and Lohmann.

The County continued its local industry visitation program and Career Awareness Program resulting in ten industries hosting over 140 guests who included teachers, guidance counselors, Headstart counselors, principals, school board staff and students. The County also reestablished the Orange County Career and Technical Education Advisory Committee to address issues of preparedness of students for the workforce.

The County's Economic Development Authority (formerly known as the Industrial Development Authority) worked toward acting on items to locate new industry, updating the infrastructure at the Thomas E. Lee Industrial Park, and rezoning a parcel of County owned land. They also began the process of a bond issuance for the Orange County Nursing Home.

Major Initiatives

Fiscal Year 2007 was another year of significant change in Orange County as the County pursued a number of initiatives to meet the challenges of the future.

Developing and retaining a highly professional staff is a top priority of the Board of Supervisors. A significant step in that process was accomplished in Fiscal Year 2007 with the completion and implementation of a new, comprehensive pay and classification study. Implementation of the study corrected a major problem by establishing a new pay and classification schedule that increased pay ranges an average of 38%, achieving comparability with the market in which Orange County competes for personnel. Implementation also corrected inequities in pay while placing current employees into the new pay schedule. The County also continued its efforts to update and adjust its benefits and personnel policies to better match the requirements of the market during this fiscal year. Policies regarding Training Costs and Reimbursement, Hours of Work, Starting Pay, Overtime and the FLSA, Holidays, Holiday Pay (new), Annual Leave, Sick Leave, Family and Medical Leave, and Workers' Compensation were all revised or created during the reporting period.

With a continuation of last year's focus on improving the quality of education, the County took a major step forward by establishing a mechanism for the Board of Education and Board of Supervisors to jointly agree on the requirements for the next school to be built including its type and its general location. There was also agreement that the facility would be built to meet County parks and recreation as well as school needs, an approach that will result in significant long-term savings. Further, having agreed on those key elements, it hired an A&E firm to begin work on the design and site selection for the new school. Significantly, it also established a joint mechanism to manage the construction process and provide joint approval of all change orders. This new way of doing business is in stark contrast to previous efforts which were confrontational and for which no real consensus existed.

The County also continued its major effort to strengthen its public safety services to County citizens. The County unilaterally funded two deputy sheriffs and an administrative space to meet the increased law enforcement demands. The County also continued its initiative to improve fire and rescue service. Seven additional firefighter/medic positions were created, enabling the establishment of an additional site from which the County can provide 24/7 ambulance service. Six of those were partially resourced through a federal grant program. The County also funded a training officer position for the department, to assist in managing an emergency medical services (EMS) training program that included volunteer organizations. We also developed and financed an EMS/firefighter program at the high school which provides those who successfully complete the one semester course in each discipline the required basic skills to be productive volunteers. The Board approved and funded an initiative to qualify all E-911 communications officers as emergency medical dispatchers. This initiative is expected to save lives in rural Orange County where response by trained medics may take 15 or more minutes. The County completed renovation work on the Orange County Volunteer Rescue Squad main facility; making it suitable for use by paid and volunteer staff. The Board approved the lease/purchase of four new ambulances, fully modernizing the fleet used by both paid and volunteer organizations and approved a program to set aside funding every year to use in acquiring needed firefighting equipment (engines/trucks). These actions accompanied an official recognition that the County would need to provide funding for all future acquisitions of these expensive and vital pieces of equipment. Finally, the Board approved to conduct an external Fire and EMS Services Study which is expected to be helpful in determining the organizational structure and resources necessary to meet the County's future needs in these critical areas.

The County also continued the program to improve its airport and take full advantage of its potential to support economic development in the County. It began three major initiatives in the Airport Capital Improvement Program. First, it began a \$1.8 million apron initiative on the north side of the runway; a necessary first step to construction of a new terminal building and commercial facility to be built by one of our principal tenants. The airport also completed the first phase of a long postponed initiative to provide a perimeter fence around the airport; enhancing security and promoting public safety. Finally, the County completed conceptual design of the new terminal building.

FY 07 saw continued progress in enhancing the County's tourism program. The Piedmont Crossroads Regional Visitors Center was opened and almost immediately began fulfilling its promise as a major factor in enhancing tourism in Orange County. Additionally, the County established an automated kiosk and tourist information center at the new Montpelier Visitors Center; another major step forward. The use of automated kiosks to provide tourist information and gather feedback is being expanded to other locations in the County.

The County took a significant step towards enhancing library services by beginning work on the long-delayed Gordonsville Branch Library. An A&E firm was hired with results of the design recommendations expected early in FY 2008. The County also recognized the need to provide increased services to the growing number of children in the County by hiring a second Youth Librarian.

Phase I of the County's wireless program neared completion as services continue to be extended to remote all but a few governmental locations. Completion of Phase I is expected early in FY 2008 and will be immediately followed by Phase II of this long-term project. Additional staffing was provided the IT office to help manage its increased responsibilities.

In addition to the decision to satellite parks and recreation facilities at school locations, the County funded the initial development of its Mountain Track Park location and approved a donation to support the development of a multi-purpose recreation facility on the campus of Germanna Community College, and began funding a reserve fund for park development.

The Board of Supervisors completed its evaluation of the long-term solid waste requirements in the County and made the decision not to open a new landfill cell, but rather construct a transfer station to send solid waste out of the County to one of the large regional centers built or now under construction. Following this decision, it approved contracting out the operation of the existing landfill cell and pursuing a course of action to begin closure activities as soon as possible. This will help address the need to bring operations up to DEQ standards, eliminate the need to invest in expensive landfill equipment, and reduce the final closure costs. Money was set aside again this year to fund closure. Additionally, the County upgraded its operation of collection centers at the Lake of the Woods and Landfill by adding additional part-time staff.

The County completed its reassessment in FY 2007, correcting a significant problem that had existed since the last, less than satisfactory County-wide assessment. While the assessed value of properties more than doubled in some cases, the Board did not raise taxes, but rather equalized the real estate tax rate for 2007; dropping the rate from 87 cents to 42 cents. Concurrent with the reappraisal, the County implemented an extension of the land-use program to include forested lands. 2007 saw a large jump in the property placed in land-use programs; helping to guard against future growth that exceeds manageable levels. The County increased staffing in the Building Department and the Planning Department and announced the establishment of a new Strategic Planning position to help meet the challenges of future growth.

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, 2007 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 \$58,982,270 in long term debt, of which \$45,569,781 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 and funds previously set aside for debt retirement. 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 OMB 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, 2006. This is the first year that the government 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. Bill Nelson 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,



William C. Rolfe
County Administrator

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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, 2006

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.

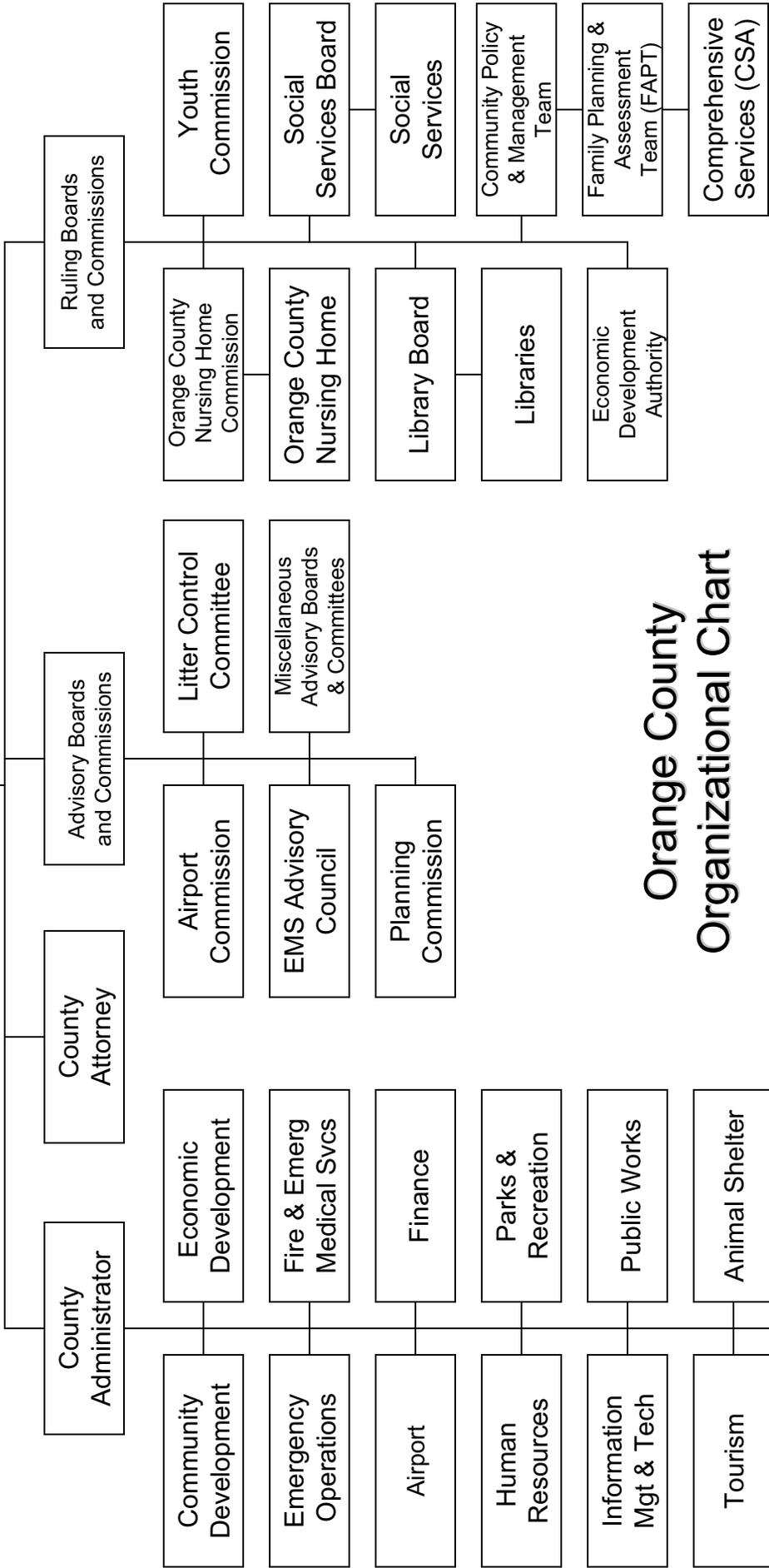
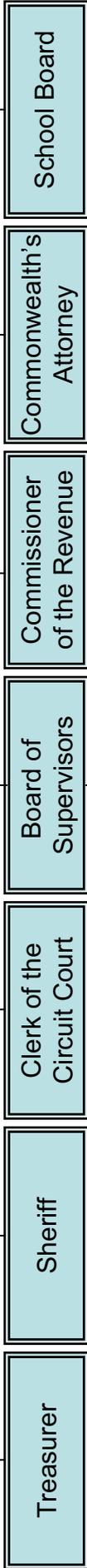


Ronald K. Koon
President

Jeffrey L. Esser
Executive Director



VOTERS



Orange County Organizational Chart



Elected Officials

COUNTY OF ORANGE, VIRGINIA

BOARD OF SUPERVISORS

R. Mark Johnson, Chairman
Clement L. "Sonny" Dodson, Jr., Vice-Chairman

Thomas E. Graves

Richard D. Wallace

Teri L. Pace

COUNTY SCHOOL BOARD

John Reid, Chairman
Mike Ross, Vice-Chairman

Jerry Bledsoe

Delores Darnell

Chris Haney

SOCIAL SERVICES BOARD

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

John Anderton

Lynn Huntsman

Pat Nabors

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 C. G. Feldman
Superintendent of Schools Dr. William R. Crawford
Clerk of the School Board Pamela Duff Shifflett
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, 2007, 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 an opinion 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 opinion.

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, 2007, 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 November 30, 2007 on our consideration of the County of Orange, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

Robinson, Farmer, & Associates

Charlottesville, Virginia

November 30, 2007

County of Orange, Virginia

Management's Discussion and Analysis June 30, 2007

This portion of the annual financial report of the County of Orange, Virginia is intended to provide discussion and analysis of the financial statements. The premise of the discussion is to provide an overview of the financial statements and should be reviewed in combination with the other sections of the annual financial report.

The annual report contains statements presented in a governmental-wide (consolidated) format as well as individual fund format. The purpose of this presentation is to allow readers the opportunity to review the governmental operations as a whole at a summarized level as well as individual fund statements which provide more detail into the operations of the County of Orange, Virginia. Below is a brief discussion of the types of statements contained in the annual report:

Government-wide Statements:

The government-wide financial statements (Exhibit 1 and 2) report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County's net assets and how they have changed during the fiscal year. These statements provide both short-term and long-term information about the County's overall financial status.

The Statement of Net Assets (Exhibit 1) presents information on all the County's assets and liabilities, including governmental activities, business-type activities, and component unit activities. Net Assets is the difference between assets and liabilities, which provides a measure of the County's financial health, or financial condition. Over time, increases or decreases in the net assets may serve as an indicator of whether the County's financial condition is improving or deteriorating. Other non-financial factors will also need to be considered, such as changes in the County's property tax base, and the condition of County facilities, to assess the overall health of the County.

The Statement of Activities (Exhibit 2) presents information using the accrual basis of accounting, and shows how the County's net assets changed during the fiscal year. All the current year revenues and expenses are shown in this statement, regardless of when cash is received or paid.

Fund Financial Statements:

These statements focus on individual parts of the County's government, reporting the County's operation in more detail than the government wide statements. Funds are used to ensure compliance with the finance-related legal requirements and are used to keep track of specific sources of revenue and expenses for particular purposes. The County has three kinds of funds:

County of Orange, Virginia

Management’s Discussion and Analysis
June 30, 2007 (Continued)

Fund Financial Statements: (Continued)

- **Governmental Funds** – Most of the County’s basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be 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 differences) between governmental activities (reported in the Government-wide Statement of Net Assets and the Government-wide Statement of Activities) and governmental funds in a reconciliation following the financial statements.
- **Proprietary Funds** – When the County charges a customer for the services it provides, whether to an 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 Statements of Activities. In fact, the County’s enterprise funds are the same as the business –type activities we report in the government wide statements with more detail.
- **Fiduciary Funds** – Fiduciary Funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the funds are not available to support the County’s programs.

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	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Current and other assets	\$ 27.5	\$ 32.0	\$ 2.9	\$ -	\$ 30.4	\$ 32.0	\$ 4.9	\$ 4.5
Capital assets	58.3	64.4	5.7	-	64.0	64.4	19.0	17.6
Total assets	\$ 85.8	\$ 96.4	\$ 8.6	\$ -	\$ 94.4	\$ 96.4	\$ 23.9	\$ 22.1
Long-term liabilities	\$ 54.6	\$ 58.9	\$ 1.6	\$ -	\$ 56.2	\$ 58.9	\$ 0.5	\$ 0.6
Other liabilities	3.1	3.3	0.1	-	3.2	3.3	3.6	4.0
Total liabilities	\$ 57.7	\$ 62.2	\$ 1.7	\$ -	\$ 59.4	\$ 62.2	\$ 4.1	\$ 4.6
Net assets:								
Invested in capital assets	\$ 4.9	\$ 9.4	\$ 5.8	\$ -	\$ 10.7	\$ 9.4	\$ 19.0	\$ 17.6
Restricted	-	-	-	-	-	-	-	-
Unrestricted	23.2	24.8	1.2	-	24.4	24.8	0.7	(0.2)
Total net assets	\$ 28.1	\$ 34.2	\$ 7.0	\$ -	\$ 35.1	\$ 34.2	\$ 19.7	\$ 17.4

County of Orange, Virginia

Management's Discussion and Analysis June 30, 2007 (Continued)

Fund Financial Statements: (Continued)

The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements.

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 \$35.1 million as of June 30, 2007. The largest 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 although they are shown net of related debt, other resources will be needed to make the debt payments in the future. The unrestricted net assets are the assets available for use in the County's ongoing operations.

Table 1 Comments:

Total Primary Government Activities--Net assets for fiscal year 2007 increased 2.6% or \$ 900,000 over fiscal year 2006. This increase in net assets is the result of debt service payments made on outstanding bonds.

Governmental Activities--Net assets of the governmental activities decreased 17.8% or \$6.1 million. This was due to the creation of enterprise funds (business-type activity) for the airport and landfill operations. The creation of the enterprise fund transitioned assets to their respective activities and resulted in \$6.9 million in net assets.

Business Activities—Fiscal year 2007 is the first year the County of Orange has proprietary type funds. Prior to fiscal year 2007, business type funds were included with governmental activities and not reported separately.

County of Orange, Virginia

Management's Discussion and Analysis
June 30, 2007 (Continued)

Fund Financial Statements: (Continued)

The following table reflects the condensed Statement of Activities.

Table 2 - Changes in Net Assets
(in millions)

	Governmental		Business-type		Total			
	Activities		Activities		Primary Government		Component Unit	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Revenues								
Program revenues								
Charges for services	\$ 2.7	\$ 2.6	\$ 0.7	\$ -	\$ 3.4	\$ 2.6	\$ 0.9	\$ 1.0
Operating grants & contr.	5.8	5.1	0.6	-	6.4	5.1	27.2	23.9
Capital grants & constr.	1.1	1.7	-	-	1.1	1.7	-	-
General revenues								
Taxes	30.4	29.6	-	-	30.4	29.6	-	-
Intergovernmental revenue	2.9	3.2	-	-	2.9	3.2	16.3	18.1
Investment income	1.4	1.3	0.1	-	1.5	1.3	-	-
Other general revenues	0.2	1.5	-	-	0.2	1.5	0.9	-
Special items	(3.1)	-	3.1	-	-	-	-	-
Total revenues	\$ 41.4	\$ 45.0	\$ 4.5	\$ -	\$ 45.9	\$ 45.0	\$ 45.3	\$ 43.0
Program expenses								
General government admin	\$ 3.0	\$ 2.8	\$ -	\$ -	\$ 3.0	\$ 2.8	\$ -	\$ -
Judicial administration	1.2	1.2	-	-	1.2	1.2	-	-
Public safety	8.7	6.2	-	-	8.7	6.2	-	-
Public works	1.2	1.5	-	-	1.2	1.5	-	-
Health and welfare	3.8	3.5	-	-	3.8	3.5	-	-
Education	17.2	18.2	-	-	17.2	18.2	43.0	41.2
Parks, recreation & cultural	2.6	2.2	-	-	2.6	2.2	-	-
Community development	2.2	1.7	-	-	2.2	1.7	-	-
Interest on long term debt	2.6	2.8	-	-	2.6	2.8	-	-
Airport	-	-	0.5	-	0.5	-	-	-
Landfill	-	-	2.0	-	2.0	-	-	-
Total expenses	\$ 42.5	\$ 40.1	\$ 2.5	\$ -	\$ 45.0	\$ 40.1	\$ 43.0	\$ 41.2
Increase/decrease in net assets	\$ (1.1)	\$ 4.9	\$ 2.0	\$ -	\$ 0.9	\$ 4.9	\$ 2.3	\$ 1.8
Net assets beginning balance	29.2	29.3	5.0	-	34.2	29.3	17.4	15.6
Net assets ending balance	\$ 28.1	\$ 34.2	\$ 7.0	\$ -	\$ 35.1	\$ 34.2	\$ 19.7	\$ 17.4

County of Orange, Virginia

Management's Discussion and Analysis June 30, 2007 (Continued)

Fund Financial Statements: (Continued)

Table 2 Comments:

When comparing changes in revenues and expenses from fiscal year 2006 to 2007 there is a change in accounting structure with the creation of enterprise funds (business-type activity) for Orange County airport and landfill operations.

Governmental Activities – With total revenues and expenses of \$41.4 and \$42.5 million respectively, governmental activities decreased the County of Orange's net assets by \$1.1 million. Even though overall revenues remained relatively constant, the amount dedicated to governmental activities decreased \$3.6 million. The decrease is due to a \$3.1 million transfer from governmental activities to business-type activities as continued support of the business type activities.

The largest changes in expense are public safety and education with a \$2.5 million increase and \$1 million decrease respectively. The public safety increase is personnel cost, professional services for billing ambulance services, and the purchase of SCBA equipment. The decrease in education is a change in the way debt is reflected on the statements. Prior to 2007 the County transferred money to the schools for debt service payments. Starting in 2007, the County is paying all debt service payments directly.

Business Activities--Business activities did not exist in fiscal year 2006 in order to provide comparison data. However, revenues exceeded expenses by \$2 million in fiscal year 2007.

Budget Highlights

Throughout the year, the Board of Supervisors revises the budget of the County of Orange, Virginia. All budget amendments are approved by resolutions. Amendments consist of carry-forward grant funded items as well as projects that are continuing into the next fiscal year. The budget may also be amended for unforeseen events.

Capital Asset and Debt Service

Capital Assets

At the end of fiscal year 2007, the County had approximately \$64 million invested in a range of capital assets, including buildings, park facilities, equipment, and vehicles.

Table 3 - Capital Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Land	\$ 1,701,469	\$ 1,818,257	\$ 116,788	\$ -	\$ 1,818,257	\$ 1,818,257
Building & Improvements	53,895,886	57,335,517	5,552,789	-	59,448,675	57,335,517
Machinery and equipment	1,661,191	1,259,806	45,770	-	1,706,961	1,259,806
Construction in progress	1,080,401	3,996,220	40,953	-	1,121,354	3,996,220
	<u>\$ 58,338,947</u>	<u>\$ 64,409,800</u>	<u>\$ 5,756,300</u>	<u>\$ -</u>	<u>\$ 64,095,247</u>	<u>\$ 64,409,800</u>

County of Orange, Virginia

Management's Discussion and Analysis
June 30, 2007 (Continued)

Capital Asset and Debt Service: (Continued)

Capital Assets: (Continued)

When comparing changes in capital assets from fiscal year 2006 to 2007 there is a change in accounting structure with the creation of enterprise funds (business-type activity) for Orange County airport and landfill operations. Overall, total invested in capital assets decreased just over \$300,000.

As mentioned earlier, the Commonwealth of Virginia requires counties to issue debt to finance capital assets for the school. As long as debt is outstanding, the capital asset is reported in Governmental Activities of the primary government. As debt is paid, the asset is transferred to the Component Unit School Board. The \$300,000 reduction in capital assets is the net \$2 million of County additions less the \$2.3 million capital assets transferred to the school component unit.

Additional information on the County of Orange's capital assets can be found in Note 12 of these financial statements.

Debt Service

Table 4 - Long Term Debt

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
General Obligation Bonds-County	\$ 2,297,097	\$ 2,541,319	\$ -	\$ -	\$ 2,297,097	\$ 2,541,319
General Obligation Bonds-Schools	40,724,112	43,028,462	-	-	40,724,112	43,028,462
Capital Lease Obligations	894,582	1,281,452	-	-	894,582	1,281,452
Lease Revenue Bonds	9,900,000	9,900,000	-	-	9,900,000	9,900,000
	<u>\$ 53,815,791</u>	<u>\$ 56,751,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,815,791</u>	<u>\$ 56,751,233</u>

At June 30, 2007, the County had approximately \$53.8 million in bonds and notes outstanding versus \$56.8 million last fiscal year. The decrease of \$3 million is due to the timely principal and interest payments this year on the County's debt obligations.

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

County of Orange, Virginia

Management's Discussion and Analysis June 30, 2007 (Continued)

Economic Factors and Next Year's Budget and Rates

Economic Factors

- According to federal statistics, the average unemployment rate for the County of Orange was 2.9%, an increase of .1% from the prior year. This compares favorably to the State's rate of 3.2% and the national rate of 4.5%.
- According to Weldon Cooper Center for Public Service, Orange County's population was estimated to be 31,387, an increase of 4.5% over the prior year.

Fiscal Year 2008 Budget and Rates

- All funds' budgets are balanced and financed by either current estimated revenues or fund equity. The total adopted budget for the General Fund is \$46,060,333, an increase of 7.9% over fiscal year 2007.
- In fiscal year 2008, the County's support to the Component Unit School Board, increased by 6.9% to \$21,969,153 which includes the County's payment of debt service on behalf of the Schools.
- The County reassessed property values January 1, 2007 and the tax rate was reduced 52% from .87 to .42 to equalize the rate.
- In fiscal year 2008, the County of Orange issued \$31,235,000 in Lease Revenue Bonds Series 2007 for the purpose of refunding current bond issues of \$9.9 million. The remaining \$21 million will be used to construct and equip a new nursing home facility entitled Dogwood Village of Orange County.
- The County issued VPSA Series 2007B bond in the amount of \$5.5 million for the purpose of constructing and equipping a new middle school within the county. The Board has authorized \$50 million in total so up to \$44.5 million in bonds could be issued this year.

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.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 14,795,664	\$ 2,725,130	\$ 17,520,794	\$ 2,809,106	\$ 1,045,610
Investments	10,707,650	-	10,707,650	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	962,209	-	962,209	-	-
Accounts receivable	3,040	128,827	131,867	15,300	-
Due from other governmental units	1,056,309	32,088	1,088,397	1,021,118	-
Prepaid expenses	-	93	93	-	-
Capital assets (net of accumulated depreciation):					
Land	1,701,469	116,788	1,818,257	737,700	-
Buildings and improvements	53,895,886	5,552,789	59,448,675	15,400,529	-
Machinery and equipment	1,661,191	45,770	1,706,961	2,932,232	-
Construction in progress	1,080,401	40,953	1,121,354	-	-
Total assets	<u>\$ 85,863,819</u>	<u>\$ 8,642,438</u>	<u>\$ 94,506,257</u>	<u>\$ 22,915,985</u>	<u>\$ 1,045,610</u>
LIABILITIES					
Accounts payable	\$ 1,707,149	\$ 91,273	\$ 1,798,422	\$ 314,132	\$ -
Accrued liabilities	-	-	-	3,288,142	-
Accrued interest payable	1,166,860	-	1,166,860	-	-
Unearned revenue	241,736	-	241,736	-	-
Deposits held in escrow	14,255	-	14,255	-	-
Long-term liabilities:					
Due within one year	3,618,764	2,913	3,621,677	439,039	-
Due in more than one year	51,007,934	1,629,944	52,637,878	146,346	-
Total liabilities	<u>\$ 57,756,698</u>	<u>\$ 1,724,130</u>	<u>\$ 59,480,828</u>	<u>\$ 4,187,659</u>	<u>\$ -</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 4,870,909	\$ 5,756,300	\$ 10,627,209	\$ 19,070,461	\$ -
Unrestricted (deficit)	23,236,212	1,162,008	24,398,220	(342,135)	1,045,610
Total net assets	<u>\$ 28,107,121</u>	<u>\$ 6,918,308</u>	<u>\$ 35,025,429</u>	<u>\$ 18,728,326</u>	<u>\$ 1,045,610</u>

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, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,003,694	\$ -	\$ 491,721	\$ -
Judicial administration	1,240,757	155,591	476,804	-
Public safety	8,695,463	911,715	2,289,092	-
Public works	1,218,688	543,931	12,452	-
Health and welfare	3,790,421	-	2,339,277	-
Education	17,154,592	-	-	-
Parks, recreation, and cultural	2,583,963	1,084,077	196,226	-
Community development	2,167,702	-	-	1,114,046
Interest on long-term debt	2,617,981	-	-	-
Total governmental activities	\$ 42,473,261	\$ 2,695,314	\$ 5,805,572	\$ 1,114,046
Business-type activities:				
Airport	\$ 488,408	\$ 281,737	\$ 615,195	\$ -
Landfill	2,061,273	452,795	7,126	-
Total business-type activities	\$ 2,549,681	\$ 734,532	\$ 622,321	\$ -
Total primary government	\$ 45,022,942	\$ 3,429,846	\$ 6,427,893	\$ 1,114,046
COMPONENT UNITS:				
School Board	\$ 43,065,173	\$ 927,288	\$ 27,323,161	\$ -
Industrial Development Authority	20,874	-	-	-
Total component units	\$ 43,086,047	\$ 927,288	\$ 27,323,161	\$ -

General revenues:
 General property taxes
 Other local taxes:
 Local sales and use taxes
 Consumers' utility taxes
 Consumption taxes
 Cable franchise taxes
 E-911 taxes
 Cellular phone 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
\$ (2,511,973)	\$ -	\$ (2,511,973)	\$ -	\$ -
(608,362)	-	(608,362)	-	-
(5,494,656)	-	(5,494,656)	-	-
(662,305)	-	(662,305)	-	-
(1,451,144)	-	(1,451,144)	-	-
(17,154,592)	-	(17,154,592)	-	-
(1,303,660)	-	(1,303,660)	-	-
(1,053,656)	-	(1,053,656)	-	-
(2,617,981)	-	(2,617,981)	-	-
<u>\$ (32,858,329)</u>	<u>\$ -</u>	<u>\$ (32,858,329)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 408,524	\$ 408,524	\$ -	\$ -
-	(1,601,352)	(1,601,352)	-	-
<u>\$ -</u>	<u>\$ (1,192,828)</u>	<u>\$ (1,192,828)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (32,858,329)</u>	<u>\$ (1,192,828)</u>	<u>\$ (34,051,157)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (14,814,724)	\$ -
-	-	-	-	(20,874)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,814,724)</u>	<u>\$ (20,874)</u>
\$ 25,212,472	\$ -	\$ 25,212,472	\$ -	\$ -
2,102,596	-	2,102,596	-	-
1,087,064	-	1,087,064	-	-
87,131	-	87,131	-	-
71,315	-	71,315	-	-
188,853	-	188,853	-	-
193,332	-	193,332	-	-
35,106	-	35,106	-	-
794,539	-	794,539	-	-
541,263	-	541,263	-	-
84,397	-	84,397	-	-
1,414,945	35,247	1,450,192	24,176	-
195,531	-	195,531	186,341	704,472
-	-	-	16,283,195	-
2,870,001	-	2,870,001	-	-
(3,087,955)	3,087,955	-	-	-
<u>\$ 31,790,590</u>	<u>\$ 3,123,202</u>	<u>\$ 34,913,792</u>	<u>\$ 16,493,712</u>	<u>\$ 704,472</u>
<u>\$ (1,067,739)</u>	<u>\$ 1,930,374</u>	<u>\$ 862,635</u>	<u>\$ 1,678,988</u>	<u>\$ 683,598</u>
<u>29,174,860</u>	<u>4,987,934</u>	<u>34,162,794</u>	<u>17,049,338</u>	<u>362,012</u>
<u>\$ 28,107,121</u>	<u>\$ 6,918,308</u>	<u>\$ 35,025,429</u>	<u>\$ 18,728,326</u>	<u>\$ 1,045,610</u>

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Fund Financial Statements

COUNTY OF ORANGE, VIRGINIA

Balance Sheet
 Governmental Funds
 June 30, 2007

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Debt Service</u>	<u>County Capital Improvements</u>
ASSETS				
Cash and cash equivalents	\$ 7,851,737	\$ -	\$ 2,265,476	\$ 4,093,472
Investments	10,707,650	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	962,209	-	-	-
Accounts receivable	3,040	-	-	-
Due from other funds	102,794	-	-	-
Due from other governmental units	891,096	165,213	-	-
Total assets	<u>\$ 20,518,526</u>	<u>\$ 165,213</u>	<u>\$ 2,265,476</u>	<u>\$ 4,093,472</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,628,732	\$ -	\$ -	\$ 69,012
Due to other funds	-	102,794	-	-
Deferred revenue	842,843	-	-	-
Deposits held in escrow	14,255	-	-	-
Total liabilities	<u>\$ 2,485,830</u>	<u>\$ 102,794</u>	<u>\$ -</u>	<u>\$ 69,012</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ 2,265,476	\$ -
Financial stability - future growth	10,926,181	-	-	-
Unreserved, reported in:				
General fund	7,049,375	-	-	-
Special revenue funds	-	62,419	-	-
Capital projects funds	-	-	-	863,847
Designated	57,140	-	-	3,160,613
Total fund balances	<u>\$ 18,032,696</u>	<u>\$ 62,419</u>	<u>\$ 2,265,476</u>	<u>\$ 4,024,460</u>
Total liabilities and fund balances	<u>\$ 20,518,526</u>	<u>\$ 165,213</u>	<u>\$ 2,265,476</u>	<u>\$ 4,093,472</u>

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

Exhibit 3

School Capital Projects	Other Governmental Funds	Total
\$ 511,651	\$ 73,328	\$ 14,795,664
-	-	10,707,650
-	-	962,209
-	-	3,040
-	-	102,794
-	-	1,056,309
<u>\$ 511,651</u>	<u>\$ 73,328</u>	<u>\$ 27,627,666</u>
\$ -	\$ 9,405	\$ 1,707,149
-	-	102,794
-	-	842,843
-	-	14,255
<u>\$ -</u>	<u>\$ 9,405</u>	<u>\$ 2,667,041</u>
\$ -	\$ -	\$ 2,265,476
-	-	10,926,181
-	-	7,049,375
-	8,067	70,486
-	-	863,847
511,651	55,856	3,785,260
<u>\$ 511,651</u>	<u>\$ 63,923</u>	<u>\$ 24,960,625</u>
<u>\$ 511,651</u>	<u>\$ 73,328</u>	<u>\$ 27,627,666</u>

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Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2007

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 24,960,625
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	58,338,947
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	601,107
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(55,793,558)
Net assets of governmental activities	<u>\$ 28,107,121</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, 2007

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Debt Service</u>
REVENUES			
General property taxes	\$ 25,565,511	\$ -	\$ -
Other local taxes	5,185,596	-	-
Permits, privilege fees, and regulatory licenses	550,158	-	-
Fines and forfeitures	1,956	-	-
Revenue from the use of money and property	1,287,329	-	-
Charges for services	2,139,504	-	-
Miscellaneous	100,346	-	-
Recovered costs	60,490	-	-
Intergovernmental revenues:			
Commonwealth	6,177,256	515,075	-
Federal	1,739,945	1,344,801	-
Total revenues	<u>\$ 42,808,091</u>	<u>\$ 1,859,876</u>	<u>\$ -</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,621,032	\$ -	\$ -
Judicial administration	1,282,028	-	-
Public safety	8,208,248	-	-
Public works	613,288	-	-
Health and welfare	1,500,370	2,272,928	-
Education	15,406,279	-	-
Parks, recreation, and cultural	2,514,024	-	-
Community development	2,146,077	-	-
Nondepartmental	1,386	-	-
Capital projects	256,061	-	-
Debt service:			
Principal retirement	-	-	2,825,416
Interest and other fiscal charges	-	-	2,914,272
Total expenditures	<u>\$ 34,548,793</u>	<u>\$ 2,272,928</u>	<u>\$ 5,739,688</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,259,298</u>	<u>\$ (413,052)</u>	<u>\$ (5,739,688)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 38,488	\$ 475,471	\$ 4,577,797
Transfers out	(9,290,600)	-	-
Total other financing sources (uses)	<u>\$ (9,252,112)</u>	<u>\$ 475,471</u>	<u>\$ 4,577,797</u>
Net change in fund balances	\$ (992,814)	\$ 62,419	\$ (1,161,891)
Fund balances - beginning, as adjusted	19,025,510	-	3,427,367
Fund balances - ending	<u>\$ 18,032,696</u>	<u>\$ 62,419</u>	<u>\$ 2,265,476</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
\$ -	\$ -	\$ -	\$ 25,565,511
-	-	-	5,185,596
-	-	-	550,158
-	-	-	1,956
8,327	117,823	1,466	1,414,945
-	-	3,696	2,143,200
95,185	-	-	195,531
-	-	-	60,490
-	-	-	6,692,331
-	-	12,542	3,097,288
<u>\$ 103,512</u>	<u>\$ 117,823</u>	<u>\$ 17,704</u>	<u>\$ 44,907,006</u>
\$ -	\$ -	\$ -	\$ 2,621,032
-	-	1,847	1,283,875
-	-	45,523	8,253,771
-	-	-	613,288
-	-	1,410	3,774,708
-	-	-	15,406,279
-	-	-	2,514,024
-	-	-	2,146,077
-	-	-	1,386
979,449	1,212,232	-	2,447,742
-	-	-	2,825,416
-	-	-	2,914,272
<u>\$ 979,449</u>	<u>\$ 1,212,232</u>	<u>\$ 48,780</u>	<u>\$ 44,801,870</u>
<u>\$ (875,937)</u>	<u>\$ (1,094,409)</u>	<u>\$ (31,076)</u>	<u>\$ 105,136</u>
\$ 1,800,155	\$ -	\$ -	\$ 6,891,911
(689,266)	-	-	(9,979,866)
<u>\$ 1,110,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,087,955)</u>
\$ 234,952	\$ (1,094,409)	\$ (31,076)	\$ (2,982,819)
3,789,508	1,606,060	94,999	27,943,444
<u>\$ 4,024,460</u>	<u>\$ 511,651</u>	<u>\$ 63,923</u>	<u>\$ 24,960,625</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, 2007

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

Net change in fund balances - total governmental funds	\$ (2,982,819)
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.	(679,584)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(353,039)
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.	2,935,442
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.	12,261
Change in net assets of governmental activities	<u>\$ (1,067,739)</u>

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

Statement of Net Assets
 Proprietary Funds
 June 30, 2007

	Business-Type Activities		
	Enterprise Funds		
	<u>Airport Fund</u>	<u>Landfill Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 299,303	\$ 2,425,827	\$ 2,725,130
Due from other governmental units	32,088	-	32,088
Receivables, net	-	128,827	128,827
Prepaid expenses	93	-	93
Total current assets	<u>\$ 331,484</u>	<u>\$ 2,554,654</u>	<u>\$ 2,886,138</u>
Noncurrent assets			
Capital assets			
Land	\$ 102,632	\$ 14,156	\$ 116,788
Construction in progress	40,953	-	40,953
Other capital assets, net of accumulated depreciation	5,565,003	33,556	5,598,559
Total noncurrent assets	<u>\$ 5,708,588</u>	<u>\$ 47,712</u>	<u>\$ 5,756,300</u>
Total assets	<u>\$ 6,040,072</u>	<u>\$ 2,602,366</u>	<u>\$ 8,642,438</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$ 20,901	\$ 70,372	\$ 91,273
Compensated absences, current portion	2,913	-	2,913
Total current liabilities	<u>\$ 23,814</u>	<u>\$ 70,372</u>	<u>\$ 94,186</u>
Noncurrent assets			
Accrued landfill remediation costs	\$ -	\$ 1,629,944	\$ 1,629,944
Total liabilities	<u>\$ 23,814</u>	<u>\$ 1,700,316</u>	<u>\$ 1,724,130</u>
NET ASSETS			
Invested in capital assets	\$ 5,708,588	\$ 47,712	\$ 5,756,300
Unrestricted	307,670	854,338	1,162,008
Total net assets	<u>\$ 6,016,258</u>	<u>\$ 902,050</u>	<u>\$ 6,918,308</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, 2007

	Business-Type Activities		
	Enterprise Funds		
	Airport Fund	Landfill Fund	Total
OPERATING REVENUES			
Charges for services, net	\$ 228,892	\$ 438,800	\$ 667,692
Miscellaneous	52,845	13,995	66,840
Total operating revenues	<u>\$ 281,737</u>	<u>\$ 452,795</u>	<u>\$ 734,532</u>
OPERATING EXPENSES			
Personal services	\$ 99,672	\$ 755,314	\$ 854,986
Fringe benefits	21,909	183,589	205,498
Contractual services	24,698	191,825	216,523
Other charges	216,583	919,470	1,136,053
Depreciation	125,546	11,075	136,621
Total operating expenses	<u>\$ 488,408</u>	<u>\$ 2,061,273</u>	<u>\$ 2,549,681</u>
Operating income (loss)	<u>\$ (206,671)</u>	<u>\$ (1,608,478)</u>	<u>\$ (1,815,149)</u>
NONOPERATING REVENUES (EXPENSES)			
Use of money and property	\$ 35,247	\$ -	\$ 35,247
Commonwealth grants	103,628	7,126	110,754
Federal grants	511,567	-	511,567
Total nonoperating revenues (expenses)	<u>\$ 650,442</u>	<u>\$ 7,126</u>	<u>\$ 657,568</u>
TRANSFERS IN	<u>\$ 236,146</u>	<u>\$ 2,851,809</u>	<u>\$ 3,087,955</u>
Change in net assets	\$ 679,917	\$ 1,250,457	\$ 1,930,374
Total net assets, beginning of year, as adjusted	5,336,341	(348,407)	4,987,934
Total net assets, end of year	<u>\$ 6,016,258</u>	<u>\$ 902,050</u>	<u>\$ 6,918,308</u>

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

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2007

	Business-Type Activities		
	Enterprise Funds		
	Airport Fund	Landfill Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 281,737	\$ 508,357	\$ 790,094
Payments to and for employees	(119,793)	(938,903)	(1,058,696)
Payments to suppliers	(220,473)	(1,076,705)	(1,297,178)
Net cash provided by (used in) operating activities	<u>\$ (58,529)</u>	<u>\$ (1,507,251)</u>	<u>\$ (1,565,780)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State and federal grant funding	\$ 583,107	\$ 7,126	\$ 590,233
Transfers	236,146	2,851,809	3,087,955
Net cash provided by (used in) noncapital financing activities	<u>819,253</u>	<u>2,858,935</u>	<u>3,678,188</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Use of money and property	\$ 35,247	\$ -	\$ 35,247
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	\$ (496,668)	\$ (4,984)	\$ (501,652)
Net increase (decrease) in cash and cash equivalents	\$ 299,303	\$ 1,346,700	\$ 1,646,003
Cash and cash equivalents, beginning of year	-	1,079,127	1,079,127
Cash and cash equivalents, end of year	<u>\$ 299,303</u>	<u>\$ 2,425,827</u>	<u>\$ 2,725,130</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ (206,671)	\$ (1,608,478)	\$ (1,815,149)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	125,546	11,075	136,621
Change in accounts receivable	-	55,562	55,562
Change in prepaid expenses	(93)	-	(93)
Change in accounts payable	20,901	(2,345)	18,556
Change in accrued landfill remediation costs	-	36,935	
Change in compensated absences	1,788	-	1,788
Net cash provided by (used in) operating activities	<u>\$ (58,529)</u>	<u>\$ (1,507,251)</u>	<u>\$ (1,602,715)</u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2007

	<u>Talley Memorial Private-Purpose Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 15,000	\$ 408,240
Total assets	<u>\$ 15,000</u>	<u>\$ 408,240</u>
LIABILITIES		
Amounts held for social services clients	\$ -	\$ 31,181
Amounts held for Rapidan Hills Limited Partnership	-	6,992
Amounts held for others	-	370,067
Total liabilities	<u>\$ -</u>	<u>\$ 408,240</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, 2007

	<u>Talley Memorial Private-Purpose Trust</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 471
Total additions	<u>\$ 471</u>
DEDUCTIONS	
Contribution to Locust Grove Elementary Library	\$ 474
Total deductions	<u>\$ 474</u>
Change in net assets	(3)
Net assets - beginning	\$ 15,003
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, 2007

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, 2007.

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 \$130,004 to the Rappahannock-Rapidan Community Services Board.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (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, 2007 (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.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (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, 2007 (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 \$357,191 at June 30, 2007 and is comprised solely of property taxes. This allowance represents 0.27% 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, 2007 (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. No interest was capitalized during the current or previous 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, 2007 (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.

10. *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.

11. *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, 2007 (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 \$55,793,558 and \$585,385 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Bonds payable	\$ 52,921,209	\$ -
Accrued interest payable	1,166,860	-
Capital leases payable	894,582	-
Compensated absences	810,907	585,385
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 55,793,558</u>	<u>\$ 585,385</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 (\$679,584) and \$1,488,738 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	\$ 1,871,816	\$ 1,818,970
Depreciation expense	(1,442,670)	(1,438,962)
Allocation of debt financed school assets based on current year repayments and drawdowns of bond proceeds	(1,108,730)	1,108,730
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>\$ (679,584)</u>	<u>\$ 1,488,738</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (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 \$2,935,442 difference in the primary government are as follows:

	<u>Primary Government</u>
Principal repayments:	
General obligation debt	\$ 2,462,062
Capital lease	386,870
Amortization of bond premium	<u>86,510</u>
Net adjustment to increase <i>net changes in fund balances-total</i> governmental funds to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	<u>\$ 2,935,442</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 \$12,261 and (\$32,607) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Compensated absences	\$ (174,004)	\$ (32,607)
Accrued interest	<u>186,265</u>	<u>-</u>
Net adjustment to decrease <i>net changes in fund balances-</i> <i>total governmental funds</i> to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	<u>\$ 12,261</u>	<u>\$ (32,607)</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (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, Landfill, School Operating Fund, School Cafeteria Fund, School Capital Improvements Fund, Head Start Fund, Debt Service Fund, County Capital Improvements Fund, School Textbook Fund, School Adult Education Fund, Law Library Fund, Forfeited Assets Fund, and Airport 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. The School Fund and School Capital Projects Fund 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, 2007 (Continued)

Note 3—Stewardship, Compliance, and Accountability: (Continued)

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2007, the following funds had expenditures which exceeded appropriations:

<u>Fund</u>	<u>Function</u>	<u>Department</u>	<u>Excess of Expenditures over Appropriations</u>
Revenue Maximization	Welfare & social services	Revenue maximization	\$ <u>1,410</u>
Cafeteria	Education	School food program	\$ <u>152,371</u>
Total All Funds			\$ <u><u>153,781</u></u>

C. Deficit Fund Equity

At June 30, 2007, the School Cafeteria Fund had a deficit fund balance of \$83,726.

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	\$ -	\$ 699,210
Local sales taxes	427,928	-
Public assistance and welfare administration	70,644	-
Comprehensive youth service	221,271	-
Aviation Grant	30,609	-
Sheriff	102,921	-
Commonwealth's Attorney	17,774	-
Clerk of Circuit Court	26,180	-
Treasurer	10,185	-
Commissioner of Revenue	9,184	-
Tobacco grant	4,871	-
Federal Government:		
School funds	-	321,908
Public safety	70,782	-
Aviation Grant	1,479	-
Public assistance	94,569	-
Total	\$ <u><u>1,088,397</u></u>	\$ <u><u>1,021,118</u></u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 5—Interfund Obligations:

Interfund obligations for the year ended June 30, 2007 were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 102,794	\$ -
Virginia Public Assistance Fund	<u>-</u>	<u>102,794</u>
Total	<u>\$ 102,794</u>	<u>\$ 102,794</u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 38,488	\$ 9,290,600
Virginia Public Assistance Fund	475,471	-
Debt Service Fund	4,577,797	-
County Capital Projects Fund	1,800,155	689,266
Proprietary Funds:		
Airport Fund	236,146	-
Landfill Fund	<u>2,851,809</u>	<u>-</u>
Total	<u>\$ 9,979,866</u>	<u>\$ 9,979,866</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, 2007 (Continued)

Note 7—Long-Term Debt:

Primary Government-Governmental Activity Indebtedness:

Year Ending June 30,	<u>General Obligation Bonds</u>		<u>Lease Revenue Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,600,958	\$ 2,080,706	\$ -	\$ 487,180
2009	2,666,775	1,944,659	200,000	487,180
2010	2,672,583	1,805,491	210,000	479,980
2011	2,698,387	1,666,211	215,000	472,000
2012	2,594,190	1,530,841	225,000	463,400
2013	2,638,441	1,404,762	235,000	454,400
2014	2,608,759	1,283,304	245,000	444,706
2015	2,454,173	1,161,538	255,000	431,538
2016	2,534,864	1,037,715	270,000	417,831
2017	2,605,952	909,995	285,000	403,319
2018	2,702,345	777,976	300,000	388,000
2019	2,674,476	643,244	315,000	373,000
2020	2,776,720	505,619	330,000	357,250
2021	2,884,251	362,721	350,000	340,750
2022	2,812,084	218,864	365,000	323,250
2023	870,234	126,042	385,000	305,000
2024	747,027	87,380	400,000	285,750
2025	748,236	52,407	420,000	265,750
2026	730,754	17,199	445,000	244,750
2027	-	-	465,000	222,500
2028	-	-	490,000	199,250
2029	-	-	515,000	174,750
2030	-	-	540,000	149,000
2031	-	-	565,000	122,000
2032	-	-	595,000	93,750
2033	-	-	625,000	64,000
2034	-	-	655,000	32,750
Total	<u>\$ 43,021,209</u>	<u>\$ 17,616,674</u>	<u>\$ 9,900,000</u>	<u>\$ 8,483,034</u>

Years Ending June 30,	<u>Capital Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 409,578	\$ 55,700
2009	204,858	31,397
2010	221,861	14,394
2011	<u>58,285</u>	<u>779</u>
Total	<u>\$ 894,582</u>	<u>\$ 102,270</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (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, 2007:

	Amounts Payable July 1, 2006	Increases	Decreases	Amounts Payable June 30, 2007	Amounts Due Within One Year
Primary Government:					
Governmental activities:					
Lease revenue bonds payable	\$ 9,900,000	\$ -	\$ -	\$ 9,900,000	\$ -
General obligation bonds	45,569,781	-	2,548,572	43,021,209	2,600,958
Capital leases	1,281,452	-	386,870	894,582	409,578
Compensated absences	<u>636,903</u>	<u>651,681</u>	<u>477,677</u>	<u>810,907</u>	<u>608,228</u>
Total governmental activities	<u>\$ 57,388,136</u>	<u>\$ 651,681</u>	<u>\$ 3,413,119</u>	<u>\$ 54,626,698</u>	<u>\$ 3,618,764</u>
Reconciliation with Exhibit 1:					
Long-term liabilities due within one year				\$ 3,618,764	
Long-term liabilities due in more than one year				<u>51,007,934</u>	
Total long-term debt				<u>\$ 54,626,698</u>	
Business-type activities:					
Compensated absences	\$ 1,125	\$ 2,913	\$ 1,125	\$ 2,913	\$ 2,913
Landfill closure/post-closure liability	<u>1,593,009</u>	<u>36,935</u>	<u>-</u>	<u>1,629,944</u>	<u>-</u>
Total business-type activities	<u>\$ 1,594,134</u>	<u>\$ 39,848</u>	<u>\$ 1,125</u>	<u>\$ 1,632,857</u>	<u>\$ 2,913</u>
Reconciliation with Exhibit 1:					
Long-term liabilities due within one year				\$ 2,913	
Long-term liabilities due in more than one year				<u>1,629,944</u>	
Total long-term debt				<u>\$ 1,632,857</u>	

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 7—Long-Term Debt: (Continued)

Primary Government-Governmental Activity Indebtedness: (Continued)

Details of Long-Term Indebtedness: (Continued)

	Total Amount	Amount Due Within One Year
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.	\$ 1,193,097	\$ 89,282
\$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 \$2,380,000 in bonds from 1993. The purpose of the bond was to construct, equip and maintain a new industrial park and library	1,104,000	147,000
School Bonds:		
\$530,000 issued May 18, 1996 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.	225,000	25,000
\$925,000 issued May 1, 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.	335,000	50,000
\$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.	1,105,000	210,000
\$2,010,000 issued August 30, 1990 due in annual installments ranging from \$75,000 to \$120,000 due July 15, 1992 through July 15, 2010 interest rates from 6.4% to 7.1%. The purpose of the bond was to construct and equip Locust Grove Elementary School.	470,000	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 7.21% to 7.45%. 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.	215,000	90,000

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 7—Long-Term Debt: (Continued)

Primary Government-Governmental Activity Indebtedness: (Continued)

Details of Long-Term Indebtedness: (Continued)

	Total Amount	Amount Due Within One Year
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.	\$ 2,025,000	\$ 145,000
\$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.	20,980,000	940,000
\$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.	1,395,000	60,000
\$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.	<u>13,974,112</u>	<u>729,676</u>
Total general obligation bonds	<u>\$ 43,021,209</u>	<u>\$ 2,600,958</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%	\$ 674,162	\$ 189,158
\$1,755,526 for lease purchase of building improvements related to HVAC issued August 1, 1997, due in annual installments varying from \$229,578 to \$232,958 beginning July 15, 1998 through July 15, 2007 including interest at a rate of 5.49%	<u>220,420</u>	<u>220,420</u>
Total capital lease obligations	<u>\$ 894,582</u>	<u>\$ 409,578</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 7—Long-Term Debt: (Continued)

Primary Government-Governmental Activity Indebtedness: (Continued)

Details of Long-Term Indebtedness: (Continued)

	Total Amount	Amount Due Within One Year
<u>Lease Revenue Bonds:</u>		
\$9,900,000 Series 2002, issued July 1, 2002, due in annual installments varying from \$200,000 to \$655,000 beginning February 1, 2004 through February 1, 2034, with semi-annual interest payments beginning February 1, 2003 at annual interest rates from 3.600% to 5.375%. The purpose of the bond was to renovate the Orange County Courthouse	\$ 9,900,000	\$ -
Compensated absences (Payable from the General Fund)	\$ 810,907	\$ 608,228
Total governmental long-term obligations	\$ 54,626,698	3,618,764
 Business-type:		
Compensated absences (Payable from the Airport Fund)	\$ 2,913	\$ 2,913
Accrued landfill closure and post-closure monitoring costs	1,629,944	-
Total business-type long-term obligations	\$ 1,632,857	\$ 2,913

Discretely Presented Component Unit-School Board Indebtedness:

	Amounts Payable July 1, 2006	Increases	Decreases	Amounts Payable June 30, 2007	Amounts Due Within One Year
Compensated absences	\$ 552,778	\$ 447,040	\$ 414,433	\$ 585,385	\$ 439,039
Total Long-Term Liabilities	\$ 552,778	\$ 447,040	\$ 414,433	\$ 585,385	\$ 439,039

Reconciliation with Exhibit 1:

Long-term liabilities due within one year	\$ 439,039
Long-term liabilities due in more than one year	146,346
Total long-term debt	\$ 585,385

Details of Long-Term Indebtedness:

Compensated absences (Payable from the School Fund)	\$ 585,385
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Note 8—Leases:

Capital Leases

The government has entered into a lease agreement as lessee for financing the acquisition of the Sedwick office building. The government has also financed the acquisition of building improvements at one elementary school. 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.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 8—Leases:

Capital Leases: (Continued)

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Building and building improvements	\$ 3,029,150
Less: Accumulated Depreciation	<u>(726,996)</u>
Total	<u>\$ 2,302,154</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, are as follows:

Year Ended June 30,	Governmental Activities
2008	\$ 465,278
2009	236,255
2010	236,255
2011	<u>59,064</u>
Total minimum lease payments	\$ 996,852
Less: Amount representing interest	<u>(102,270)</u>
Present value of minimum lease payments	<u>\$ 894,582</u>

Note 9—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

The County contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters 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.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 9—Defined Benefit Pension Plan: (Continued)

A. Plan Description: (Continued)

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 our web site at <http://www.varetire.org/PDF/2006 AnnuRept.pdf> obtained by writing to the System at P. O. Box 2500, Richmond, Virginia 23218-2500.

B. Funding Policy

Primary Government:

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. The employer has assumed this 5% member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its 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 contribution rate for the fiscal year ended June 30, 2007 was 9.12%, of annual covered payroll.

Discretely Presented Component Unit-School Board:

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. The employer has assumed this 5% member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended June 30, 2007 was 3.52% of annual covered payroll for non-professional employees.

C. Annual Pension Cost

	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
	<u>County Retirement Plan</u>	<u>School Board Non-Professional Retirement Plan</u>
Valuation date	June 30, 2005	June 30, 2005
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3.00%	3.00%
Remaining amortization period	21 Years	21 Years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return ¹	7.50%	7.50%
Projected salary increases ¹		
Non LEO Employees	3.50% to 5.73%	3.50% to 5.73%
LEO employees	3.50% to 4.71%	3.50% to 4.71%
Cost-of-living adjustments	2.50%	2.50%

¹ Included inflation of 2.50%

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 9—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

Three-Year Trend Information

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)¹</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Primary Government:				
County	6/30/05	\$ 443,213	100%	\$ -
	6/30/06	603,843	100%	-
	6/30/07	685,182	100%	-
Discretely Presented Component Unit:				
School Board Non Professional	6/30/05	\$ 29,984	100%	\$ -
	6/30/06	34,675	100%	-
	6/30/07	91,341	100%	-

¹Employer portion only

D. Discretely Component Unit School Board

PROFESSIONAL EMPLOYEES:

Plan Description

The Orange County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be obtained by writing to the System at P. O. Box 2500, Richmond, Virginia 23218-2500.

Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and Orange County School Board is required to contribute at an actuarially determined rate. The current rate is 9.20% annual covered payroll. The contribution requirements of plan members and Orange County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2007, 2006, and 2005 were \$1,999,399, \$1,267,602, and \$1,070,886, respectively, equal to the required contributions for each year.

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 10—Deferred Revenue:

	<u>Government- wide Statements</u> <u>Governmental Activities</u>	<u>Balance Sheet</u> <u>Governmental Funds</u>
Primary Government:		
Deferred property tax revenue:		
Deferred revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 601,107
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	<u>241,736</u>	<u>241,736</u>
Total primary government	<u>\$ 241,736</u>	<u>\$ 842,843</u>

Note 11—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, 2007 (Continued)

Note 12—Capital Assets:

Primary Government

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance, as reported June 30, 2006</u>	<u>Opening Balance Adjustment (Note 20)</u>	<u>Balance, as adjusted July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007⁽¹⁾</u>
Governmental Activities:						
Capital assets not being depreciated:						
Land	\$ 1,818,257	\$ (116,788)	\$ 1,701,469	\$ -	\$ -	\$ 1,701,469
Construction in progress	<u>3,996,220</u>	<u>(1,576,260)</u>	<u>2,419,960</u>	<u>729,376</u>	<u>(2,068,935)</u>	<u>1,080,401</u>
Total capital assets not being depreciated	<u>\$ 5,814,477</u>	<u>\$ (1,693,048)</u>	<u>\$ 4,121,429</u>	<u>\$ 729,376</u>	<u>\$ (2,068,935)</u>	<u>\$ 2,781,870</u>
Capital assets being depreciated:						
Buildings and improvements	\$ 60,998,862	\$ (3,807,142)	\$ 57,191,720	\$ 3,698,256	\$ (2,475,454)	\$ 58,414,522
Furniture, equipment and vehicles	<u>5,414,629</u>	<u>(1,502,269)</u>	<u>3,912,360</u>	<u>879,843</u>	<u>(89,862)</u>	<u>4,702,341</u>
Total capital assets being depreciated	<u>\$ 66,413,491</u>	<u>\$ (5,309,411)</u>	<u>\$ 61,104,080</u>	<u>\$ 4,578,099</u>	<u>\$ (2,565,316)</u>	<u>\$ 63,116,863</u>
Less accumulated depreciation for:						
Buildings and improvements	\$ (3,663,345)	\$ 153,898	\$ (3,509,447)	\$ (1,009,189)	\$ -	\$ (4,518,636)
Furniture, equipment and vehicles	<u>(4,154,823)</u>	<u>1,457,292</u>	<u>(2,697,531)</u>	<u>(433,481)</u>	<u>89,862</u>	<u>(3,041,150)</u>
Total accumulated depreciation	<u>\$ (7,818,168)</u>	<u>\$ 1,611,190</u>	<u>\$ (6,206,978)</u>	<u>\$ (1,442,670)</u>	<u>\$ 89,862</u>	<u>\$ (7,559,786)</u>
Capital assets being depreciated, net	<u>\$ 58,595,323</u>	<u>\$ (3,698,221)</u>	<u>\$ 54,897,102</u>	<u>\$ 3,135,429</u>	<u>\$ (2,475,454)</u>	<u>\$ 55,557,077</u>
Net capital assets	<u>\$ 64,409,800</u>	<u>\$ (5,391,269)</u>	<u>\$ 59,018,531</u>	<u>\$ 3,864,805</u>	<u>\$ (4,544,389)</u>	<u>\$ 58,338,947</u>
Business-Type Activities:						
Capital assets not being depreciated:						
Land	\$ -	\$ 116,788	\$ 116,788	\$ -	\$ -	\$ 116,788
Construction in progress	<u>-</u>	<u>1,576,260</u>	<u>1,576,260</u>	<u>40,953</u>	<u>(1,576,260)</u>	<u>40,953</u>
Total capital assets not being depreciated	<u>\$ -</u>	<u>\$ 1,693,048</u>	<u>\$ 1,693,048</u>	<u>\$ 40,953</u>	<u>\$ (1,576,260)</u>	<u>\$ 157,741</u>
Capital assets being depreciated:						
Buildings and improvements	\$ -	\$ 3,807,142	\$ 3,807,142	\$ 2,021,022	\$ -	\$ 5,828,164
Furniture, equipment and vehicles	<u>-</u>	<u>1,502,269</u>	<u>1,502,269</u>	<u>15,937</u>	<u>(184,681)</u>	<u>1,333,525</u>
Total capital assets being depreciated	<u>\$ -</u>	<u>\$ 5,309,411</u>	<u>\$ 5,309,411</u>	<u>\$ 2,036,959</u>	<u>\$ (184,681)</u>	<u>\$ 7,161,689</u>
Less accumulated depreciation for:						
Buildings and improvements	\$ -	\$ (153,898)	\$ (153,898)	\$ (121,477)	\$ -	\$ (275,375)
Furniture, equipment and vehicles	<u>-</u>	<u>(1,457,292)</u>	<u>(1,457,292)</u>	<u>(15,144)</u>	<u>184,681</u>	<u>(1,287,755)</u>
Total accumulated depreciation	<u>\$ -</u>	<u>\$ (1,611,190)</u>	<u>\$ (1,611,190)</u>	<u>\$ (136,621)</u>	<u>\$ 184,681</u>	<u>\$ (1,563,130)</u>
Capital assets being depreciated, net	<u>\$ -</u>	<u>\$ 3,698,221</u>	<u>\$ 3,698,221</u>	<u>\$ 1,900,338</u>	<u>\$ -</u>	<u>\$ 5,598,559</u>
Net capital assets	<u>\$ -</u>	<u>\$ 5,391,269</u>	<u>\$ 5,391,269</u>	<u>\$ 1,941,291</u>	<u>\$ (1,576,260)</u>	<u>\$ 5,756,300</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 12—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	\$ 372,701	\$ -	\$ 372,701
Judicial administration	1,917	-	1,917
Public safety	343,938	-	343,938
Public works	40,831	-	40,831
Health and welfare	346	-	346
Education	639,583	-	639,583
Parks, recreation, and cultural	29,579	-	29,579
Community development	13,775	-	13,775
Airport	-	125,546	125,546
Landfill	-	11,075	11,075
	<u> </u>	<u> </u>	<u> </u>
Total depreciation expense-primary government	\$ <u>1,442,670</u>	\$ <u>136,621</u>	\$ <u>1,579,291</u>

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2007 was as follows:

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007⁽¹⁾</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 737,700	\$ -	\$ -	\$ 737,700
Construction in progress	-	-	-	-
Total capital assets not being depreciated	\$ 737,700	\$ -	\$ -	\$ 737,700
Capital assets being depreciated:				
Buildings and improvements	\$ 50,104,086	\$ 5,462,842	\$ (3,328,450)	\$ 52,238,478
Furniture, equipment and vehicles	7,029,516	793,308	-	7,822,824
Total capital assets being depreciated	\$ 57,133,602	\$ 6,256,150	\$ (3,328,450)	\$ 60,061,302
Less accumulated depreciation for:				
Buildings and improvements	\$ (35,894,254)	\$ (943,695)	\$ -	\$ (36,837,949)
Furniture, equipment and vehicles	(4,395,325)	(495,267)	-	(4,890,592)
Total accumulated depreciation	\$ (40,289,579)	\$ (1,438,962)	\$ -	\$ (41,728,541)
Capital assets being depreciated, net	\$ 16,844,023	\$ 4,817,188	\$ (3,328,450)	\$ 18,332,761
Net capital assets	\$ <u>17,581,723</u>	\$ <u>4,817,188</u>	\$ <u>(3,328,450)</u>	\$ <u>19,070,461</u>

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 12—Capital Assets: (Continued)

Discretely Presented Component Unit: (Continued)

School board depreciation expense for the year ended June 30, 2007 amounted to \$4,817,188.

⁽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, 2007, is that school financed assets in the amount of \$38,768,324 are reported in the Primary Government for financial reporting purposes.

Note 13—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 \$1,495,749 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, 2007 (Continued)

Note 13—Deposits and Investments:

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, 2007 (Continued)

Note 13—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, 2007 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

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>				
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>A1</u>	<u>Unrated</u>
U.S. Agencies	\$ 9,080,650	\$ -	\$ -	\$ -	-
Corporate Debt	131,251	-	-	-	-
Money Market Mutual Fund	4,628,018	-	-	-	-
External Investment Pools	14,358,418	-	-	-	-
Repurchase Agreements - Underlying: U.S. Agency Securities	<u>1,495,749</u>	-	-	-	-
Total	<u>\$ 29,694,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Concentration of Credit Risk

The County had investments at June 30, 2007, with more than 5 percent of the total in securities of the Federal Home Loan Mortgage Corporation. These investments represented 26 percent, of total investments at June 30, 2007.

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, 2007 (Continued)

Note 13—Deposits and Investments: (Continued)

Interest Rate Risk: (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Greater Than 10 Years</u>
U.S. Treasuries	\$ 2,473,243	\$ 1,018,543	\$ 1,454,700	\$ -	\$ -
U.S. Agencies	8,103,156	3,839,417	4,263,739	-	-
Commercial Paper	131,251	-	131,251	-	-
Total	\$ <u>10,707,650</u>	\$ <u>4,857,960</u>	\$ <u>5,849,690</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 14—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
C. G. Feldman, 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
Pamela Duff Shifflett, Clerk of the School Board	10,000
Maryland Casualty Company - Surety	
R. Mark Johnson, Supervisor	1,000
Teri L. Pace, Supervisor	1,000
Clement L. Dodson, Jr., Supervisor	1,000
Thomas E. Graves, Supervisor	1,000
Richard D. Wallace, Supervisor	1,000
William C. Rolfe, County Administrator	3,000

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 15—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 16—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 \$1,629,944 reported as landfill closure care liability at June 30, 2007, represents the cumulative amount reported based on the use of 52.00 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure care in 2007. 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 17—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, 2007 (Continued)

Note 18—Designated Fund Balances:

The following fund balances were designated for subsequent expenditure at June 30, 2007:

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		29,492
Total General Fund	\$	57,140
Revenue Maximization Fund		55,856
County Capital Projects Fund		3,160,613
School Capital Projects Fund		511,651
Sub-total	\$	<u>3,785,260</u>
Discretely Presented Component Unit-School Board:		
School Textbook Adoptions Fund	\$	299,084
Adult Education		27,892
Sub-total	\$	<u>326,976</u>
Total	\$	<u><u>4,112,236</u></u>

Note 19—Reserved Fund Balances:

The following fund balances were reserved for debt service:

Debt Service	\$ <u>2,265,476</u>
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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	\$ <u>10,926,181</u>
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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, 2007 (Continued)

Note 20—Adjustment to Beginning Balances:

The beginning fund balance and net assets of various funds were adjusted to reflect the assets related to asset forfeiture as a separate special revenue fund and to create enterprise funds for landfill and airport activities. Balances were adjusted as follows:

	<u>Fund Balance</u>		<u>Net Assets</u>		
	<u>General Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Governmental Activities</u>	<u>Business-Type Activities Airport</u>	<u>Business-Type Activities Landfill</u>
Balance July 1, 2006, before adjustment	\$ 19,063,243	\$ -	\$ 34,162,794	\$ -	\$ -
Fund balance transfer		-	(1,190,799)	-	1,190,799
Capital assets, net	-	-	(5,391,269)	5,337,466	53,803
Landfill closure and postclosure costs	-	-	1,593,009	-	(1,593,009)
Compensated absences	-	-	1,125	(1,125)	-
Adjustments for fund balance correction	<u>(37,733)</u>	<u>37,733</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, July 1, 2006, as adjusted	<u>\$ 19,025,510</u>	<u>\$ 37,733</u>	<u>\$ 29,174,860</u>	<u>\$ 5,336,341</u>	<u>\$ (348,407)</u>

In addition, the Commonwealth Fund was not included as an agency fund during FY2006. At July 1, 2006, the Commonwealth Fund balances were included in the financial records resulting in an increase of agency fund cash and cash equivalents and amounts held for others of \$13,758 to \$57,969, respectively.

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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 23,801,943	\$ 23,801,943	\$ 25,565,511	\$ 1,763,568
Other local taxes	5,118,000	5,118,000	5,185,596	67,596
Permits, privilege fees, and regulatory licenses	625,000	625,000	550,158	(74,842)
Fines and forfeitures	1,000	1,000	1,956	956
Revenue from the use of money and property	606,872	606,872	1,287,329	680,457
Charges for services	3,056,520	3,087,299	2,139,504	(947,795)
Miscellaneous	368,977	453,138	100,346	(352,792)
Recovered costs	39,580	45,555	60,490	14,935
Intergovernmental revenues:				
Commonwealth	5,675,621	6,484,888	6,177,256	(307,632)
Federal	10,000	1,158,913	1,739,945	581,032
Total revenues	\$ 39,303,513	\$ 41,382,608	\$ 42,808,091	\$ 1,425,483
EXPENDITURES				
Current:				
General government administration	\$ 4,215,113	\$ 3,581,400	\$ 2,621,032	\$ 960,368
Judicial administration	1,208,555	1,359,199	1,282,028	77,171
Public safety	6,791,193	8,508,118	8,208,248	299,870
Public works	608,245	644,832	613,288	31,544
Health and welfare	1,207,229	1,562,154	1,500,370	61,784
Education	16,069,990	16,166,165	15,406,279	759,886
Parks, recreation, and cultural	2,666,456	2,791,615	2,514,024	277,591
Community development	1,096,370	2,309,930	2,146,077	163,853
Nondepartmental	322,246	1,384	1,386	(2)
Capital projects	287,638	488,534	256,061	232,473
Total expenditures	\$ 34,473,035	\$ 37,413,331	\$ 34,548,793	\$ 2,864,538
Excess (deficiency) of revenues over (under) expenditures	\$ 4,830,478	\$ 3,969,277	\$ 8,259,298	\$ 4,290,021
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,371,228	\$ 4,505,993	\$ 38,488	\$ (4,467,505)
Transfers out	(8,201,706)	(8,475,270)	(9,290,600)	(815,330)
Total other financing sources and uses	\$ (4,830,478)	\$ (3,969,277)	\$ (9,252,112)	\$ (5,282,835)
Net change in fund balances	\$ -	\$ -	\$ (992,814)	\$ (992,814)
Fund balances - beginning, as adjusted	-	-	19,025,510	19,025,510
Fund balances - ending	\$ -	\$ -	\$ 18,032,696	\$ 18,032,696

Virginia Public Assistance Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2007

	<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	\$ 43,073	\$ 471,453	\$ 515,075	\$ 43,622
Federal	1,855,983	1,855,983	1,344,801	(511,182)
Total revenues	<u>\$ 1,899,056</u>	<u>\$ 2,327,436</u>	<u>\$ 1,859,876</u>	<u>\$ (467,560)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 2,327,947	\$ 2,802,907	\$ 2,272,928	\$ 529,979
Total expenditures	<u>\$ 2,327,947</u>	<u>\$ 2,802,907</u>	<u>\$ 2,272,928</u>	<u>\$ 529,979</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (428,891)</u>	<u>\$ (475,471)</u>	<u>\$ (413,052)</u>	<u>\$ 62,419</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 428,891	\$ 475,471	\$ 475,471	\$ -
Total other financing sources and uses	<u>\$ 428,891</u>	<u>\$ 475,471</u>	<u>\$ 475,471</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 62,419	\$ 62,419
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,419</u>	<u>\$ 62,419</u>

Schedule of Pension Funding Progress
As of June 30, 2007

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)
06/30/06 \$	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%
06/30/04	10,828,099	12,477,661	1,649,562	86.78%	5,264,330	31.33%

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)
06/30/06 \$	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%
06/30/04	4,914,214	4,426,287	(487,927)	111.02%	1,953,695	-24.97%

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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, 2007

	<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	\$ 2,848,989	\$ 2,825,416	\$ 2,825,416	\$ -
Interest and other fiscal charges	2,889,352	2,914,272	2,914,272	-
Total expenditures	\$ 5,738,341	\$ 5,739,688	\$ 5,739,688	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ (5,738,341)	\$ (5,739,688)	\$ (5,739,688)	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,738,341	\$ 5,739,688	\$ 4,577,797	\$ (1,161,891)
Net change in fund balances	\$ -	\$ -	\$ (1,161,891)	\$ (1,161,891)
Fund balances - beginning	-	-	3,427,367	3,427,367
Fund balances - ending	\$ -	\$ -	\$ 2,265,476	\$ 2,265,476

County Capital Improvements Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 8,327	\$ 8,327
Miscellaneous	-	-	95,185	95,185
Intergovernmental revenues:				
Federal	-	700,000	-	(700,000)
Total revenues	\$ -	\$ 700,000	\$ 103,512	\$ (596,488)
EXPENDITURES				
Capital projects	\$ 1,669,953	\$ 3,775,813	\$ 979,449	\$ 2,796,364
Total expenditures	\$ 1,669,953	\$ 3,775,813	\$ 979,449	\$ 2,796,364
Excess (deficiency) of revenues over (under) expenditures	\$ (1,669,953)	\$ (3,075,813)	\$ (875,937)	\$ 2,199,876
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,359,179	\$ 3,765,040	\$ 1,800,155	\$ (1,964,885)
Transfers out	(689,266)	(689,266)	(689,266)	-
Total other financing sources and uses	\$ 1,669,913	\$ 3,075,774	\$ 1,110,889	\$ (1,964,885)
Net change in fund balances	\$ (40)	\$ (39)	\$ 234,952	\$ 234,991
Fund balances - beginning	2,536,000	2,536,000	3,789,508	1,253,508
Fund balances - ending	\$ 2,535,960	\$ 2,535,961	\$ 4,024,460	\$ 1,488,499

School Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 2,841,801	\$ 2,846,907	\$ 117,823	\$ (2,729,084)
Total revenues	<u>\$ 2,841,801</u>	<u>\$ 2,846,907</u>	<u>\$ 117,823</u>	<u>\$ (2,729,084)</u>
EXPENDITURES				
Capital projects	\$ 2,841,801	\$ 2,846,907	\$ 1,212,232	\$ 1,634,675
Total expenditures	<u>\$ 2,841,801</u>	<u>\$ 2,846,907</u>	<u>\$ 1,212,232</u>	<u>\$ 1,634,675</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (1,094,409)	\$ (1,094,409)
Net change in fund balances	\$ -	\$ -	\$ (1,094,409)	\$ (1,094,409)
Fund balances - beginning	-	-	1,606,060	1,606,060
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 511,651</u>	<u>\$ 511,651</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2007

	<u>Asset Forfeiture Fund</u>	<u>Revenue Maximization Fund</u>	<u>Law Library Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 15,623	\$ 55,856	\$ 1,849	\$ 73,328
Total assets	<u>\$ 15,623</u>	<u>\$ 55,856</u>	<u>\$ 1,849</u>	<u>\$ 73,328</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,405	\$ -	\$ -	\$ 9,405
Total liabilities	<u>\$ 9,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,405</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditure	\$ -	\$ 55,856	\$ -	\$ 55,856
Undesignated	6,218	-	1,849	8,067
Total fund balances	<u>\$ 6,218</u>	<u>\$ 55,856</u>	<u>\$ 1,849</u>	<u>\$ 63,923</u>
Total liabilities and fund balances	<u>\$ 15,623</u>	<u>\$ 55,856</u>	<u>\$ 1,849</u>	<u>\$ 73,328</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2007

	Asset Forfeiture Fund	Revenue Maximization Fund	Law Library Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 1,466	\$ -	\$ -	\$ 1,466
Charges for services	-	-	3,696	3,696
Intergovernmental revenues:				
Federal	12,542	-	-	12,542
Total revenues	<u>\$ 14,008</u>	<u>\$ -</u>	<u>\$ 3,696</u>	<u>\$ 17,704</u>
EXPENDITURES				
Current:				
Judicial administration	-	-	1,847	1,847
Public safety	45,523	-	-	45,523
Health and welfare	-	1,410	-	1,410
Total expenditures	<u>\$ 45,523</u>	<u>\$ 1,410</u>	<u>\$ 1,847</u>	<u>\$ 48,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (31,515)</u>	<u>\$ (1,410)</u>	<u>\$ 1,849</u>	<u>\$ (31,076)</u>
Net change in fund balances	\$ (31,515)	\$ (1,410)	\$ 1,849	\$ (31,076)
Fund balances - beginning, as adjusted	37,733	57,266	-	94,999
Fund balances - ending	<u>\$ 6,218</u>	<u>\$ 55,856</u>	<u>\$ 1,849</u>	<u>\$ 63,923</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, 2007

	Asset Forfeiture Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 1,466	\$ 1,466	\$ -
Charges for services	-	-	-	-
Miscellaneous	-	7,776	-	(7,776)
Intergovernmental revenues:				
Federal	-	13,550	12,542	(1,008)
Total revenues	<u>\$ -</u>	<u>\$ 22,792</u>	<u>\$ 14,008</u>	<u>\$ (8,784)</u>
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ -	\$ -	-
Public safety	-	46,130	45,523	607
Health and welfare	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 46,130</u>	<u>\$ 45,523</u>	<u>\$ 607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (23,338)</u>	<u>\$ (31,515)</u>	<u>\$ (8,177)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,811	\$ 3,166	\$ -	\$ (3,166)
Transfers out	(2,811)	(2,811)	-	2,811
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 355</u>	<u>\$ -</u>	<u>\$ (355)</u>
Net change in fund balances	\$ -	\$ (22,983)	\$ (31,515)	\$ (8,532)
Fund balances - beginning, as adjusted	-	22,983	37,733	14,750
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,218</u>	<u>\$ 6,218</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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	6,900	6,900	3,696	(3,204)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 6,900	\$ 6,900	\$ 3,696	\$ (3,204)
\$ -	\$ -	\$ -	\$ -	\$ 6,900	\$ 6,900	\$ 1,847	\$ 5,053
-	-	-	-	-	-	-	-
-	-	1,410	(1,410)	-	-	-	-
\$ -	\$ -	\$ 1,410	\$ (1,410)	\$ 6,900	\$ 6,900	\$ 1,847	\$ 5,053
\$ -	\$ -	\$ (1,410)	\$ (1,410)	\$ -	\$ -	\$ 1,849	\$ 1,849
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (1,410)	\$ (1,410)	\$ -	\$ -	\$ 1,849	\$ 1,849
-	-	57,266	57,266	-	-	-	-
\$ -	\$ -	\$ 55,856	\$ 55,856	\$ -	\$ -	\$ 1,849	\$ 1,849

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2007

	<u>Agency Funds</u>				
	<u>Special Welfare</u>	<u>Rapidan Hills Partnership Fund</u>	<u>Commonwealth Fund</u>	<u>Bond Escrow Agency Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 31,181	\$ 6,992	\$ 16,684	\$ 353,383	\$ 408,240
Total assets	<u>\$ 31,181</u>	<u>\$ 6,992</u>	<u>\$ 16,684</u>	<u>\$ 353,383</u>	<u>\$ 408,240</u>
LIABILITIES					
Amounts held for social services clients	\$ 31,181	\$ -	\$ -	\$ -	\$ 31,181
Amounts held for Rapidan Hills Limited Partnership	-	6,992	-	-	6,992
Amounts held for others			16,684	353,383	370,067
Total liabilities	<u>\$ 31,181</u>	<u>\$ 6,992</u>	<u>\$ 16,684</u>	<u>\$ 353,383</u>	<u>\$ 408,240</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2007

	<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	\$ 37,344	\$ 31,082	\$ 37,245	\$ 31,181
Total assets	<u>\$ 37,344</u>	<u>\$ 31,082</u>	<u>\$ 37,245</u>	<u>\$ 31,181</u>
LIABILITIES				
Amounts held for social services clients	\$ 37,344	\$ 31,082	\$ 37,245	\$ 31,181
Total liabilities	<u>\$ 37,344</u>	<u>\$ 31,082</u>	<u>\$ 37,245</u>	<u>\$ 31,181</u>
Rapidan Hills Limited Partnership				
ASSETS				
Cash and cash equivalents	\$ 6,867	\$ 125	\$ -	\$ 6,992
Total assets	<u>\$ 6,867</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 6,992</u>
LIABILITIES				
Amounts held for Rapidan Hills Limited Partnership	\$ 6,867	\$ 125	\$ -	\$ 6,992
Total liabilities	<u>\$ 6,867</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 6,992</u>
Commonwealth Fund				
ASSETS				
Cash and cash equivalents	\$ 13,758	\$ 2,926	\$ -	\$ 16,684
Total assets	<u>\$ 13,758</u>	<u>\$ 2,926</u>	<u>\$ -</u>	<u>\$ 16,684</u>
LIABILITIES				
Amounts held for others	\$ 13,758	\$ 2,926	\$ -	\$ 16,684
Total liabilities	<u>\$ 13,758</u>	<u>\$ 2,926</u>	<u>\$ -</u>	<u>\$ 16,684</u>
Bond Escrow Agency Fund				
ASSETS				
Cash and cash equivalents	\$ -	\$ 353,383	\$ -	\$ 353,383
Total assets	<u>\$ -</u>	<u>\$ 353,383</u>	<u>\$ -</u>	<u>\$ 353,383</u>
LIABILITIES				
Amounts held for others	\$ -	\$ 353,383	\$ -	\$ 353,383
Total liabilities	<u>\$ -</u>	<u>\$ 353,383</u>	<u>\$ -</u>	<u>\$ 353,383</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 57,969	\$ 387,516	\$ 37,245	\$ 408,240
Total assets	<u>\$ 57,969</u>	<u>\$ 387,516</u>	<u>\$ 37,245</u>	<u>\$ 408,240</u>
LIABILITIES				
Amounts held for social services clients	\$ 37,344	\$ 31,082	\$ 37,245	\$ 31,181
Amounts held for Rapidan Hills Limited Partnership	6,867	125	-	6,992
Amounts held for others	13,758	356,309	-	370,067
Total liabilities	<u>\$ 57,969</u>	<u>\$ 387,516</u>	<u>\$ 37,245</u>	<u>\$ 408,240</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
 June 30, 2007

	<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	\$ 2,435,484	\$ 299,084	\$ 6,772	\$ 67,766	\$ 2,809,106
Receivables (net of allowance for uncollectibles):					
Accounts receivable	9,307	-	4,425	1,568	15,300
Due from other governmental units	983,626	-	37,492	-	1,021,118
Total assets	<u>\$ 3,428,417</u>	<u>\$ 299,084</u>	<u>\$ 48,689</u>	<u>\$ 69,334</u>	<u>\$ 3,845,524</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 281,291	\$ -	\$ 1,010	\$ 31,831	\$ 314,132
Accrued liabilities	3,147,125	-	19,788	121,229	3,288,142
Total liabilities	<u>\$ 3,428,416</u>	<u>\$ -</u>	<u>\$ 20,798</u>	<u>\$ 153,060</u>	<u>\$ 3,602,274</u>
Fund balances:					
Unreserved:					
Designated for subsequent expenditure	\$ -	\$ 299,084	\$ 27,892	\$ -	\$ 326,976
Undesignated	-	-	-	(83,726)	(83,726)
Total fund balances	<u>\$ -</u>	<u>\$ 299,084</u>	<u>\$ 27,892</u>	<u>\$ (83,726)</u>	<u>\$ 243,250</u>
Total liabilities and fund balances	<u>\$ 3,428,416</u>	<u>\$ 299,084</u>	<u>\$ 48,690</u>	<u>\$ 69,334</u>	<u>\$ 3,845,524</u>

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

Total fund balances per above	\$ 243,250
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,070,461
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(585,385)</u>
Net assets of governmental activities	<u>\$ 18,728,326</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, 2007

	School Operating Fund	School Textbook Adoptions Fund	Adult Education Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 24,176	\$ -	\$ -	\$ -	\$ 24,176
Charges for services	39,920	-	68,906	818,462	927,288
Miscellaneous	186,341	-	-	-	186,341
Intergovernmental revenues:					
Local government	15,145,174	29,291	-	-	15,174,465
Commonwealth	23,395,487	-	54,847	22,892	23,473,226
Federal	2,116,303	-	176,689	1,556,943	3,849,935
Total revenues	<u>\$ 40,907,401</u>	<u>\$ 29,291</u>	<u>\$ 300,442</u>	<u>\$ 2,398,297</u>	<u>\$ 43,635,431</u>
EXPENDITURES					
Current:					
Education	\$ 40,608,531	\$ 30,207	\$ 286,227	\$ 2,487,609	\$ 43,412,574
Total expenditures	<u>\$ 40,608,531</u>	<u>\$ 30,207</u>	<u>\$ 286,227</u>	<u>\$ 2,487,609</u>	<u>\$ 43,412,574</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 298,870	\$ (916)	\$ 14,215	\$ (89,312)	\$ 222,857
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 300,000	\$ -	\$ -	\$ 300,000
Transfers out	(300,000)	-	-	-	(300,000)
Total other financing sources and uses	<u>\$ (300,000)</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (1,130)	\$ 299,084	\$ 14,215	\$ (89,312)	\$ 222,857
Fund balances - beginning	1,130	-	13,677	5,586	20,393
Fund balances - ending	<u>\$ -</u>	<u>\$ 299,084</u>	<u>\$ 27,892</u>	<u>\$ (83,726)</u>	<u>\$ 243,250</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				\$	222,857
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.					1,488,738
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>(32,607)</u>
Change in net assets of governmental activities				\$	<u>1,678,988</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, 2007

	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	\$ 24,176	\$ 9,176
Charges for services	35,000	35,000	39,920	4,920
Miscellaneous	135,105	135,105	186,341	51,236
Intergovernmental revenues:				
Local government	15,400,440	15,905,060	15,145,174	(759,886)
Commonwealth	23,624,143	23,624,143	23,395,487	(228,656)
Federal	2,181,862	2,181,862	2,116,303	(65,559)
Total revenues	<u>\$ 41,391,550</u>	<u>\$ 41,896,170</u>	<u>\$ 40,907,401</u>	<u>\$ (988,769)</u>
EXPENDITURES				
Current:				
Education	\$ 41,529,286	\$ 41,596,187	\$ 40,608,531	\$ 987,656
Total expenditures	<u>\$ 41,529,286</u>	<u>\$ 41,596,187</u>	<u>\$ 40,608,531</u>	<u>\$ 987,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (137,736)</u>	<u>\$ 299,983</u>	<u>\$ 298,870</u>	<u>\$ (1,113)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 437,736	\$ -	\$ -	-
Transfers out	(300,000)	(300,000)	(300,000)	-
Total other financing sources and uses	<u>\$ 137,736</u>	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (17)	\$ (1,130)	\$ (1,113)
Fund balances - beginning	-	-	1,130	1,130
Fund balances - ending	<u>\$ -</u>	<u>\$ (17)</u>	<u>\$ -</u>	<u>\$ 17</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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	9,500	9,500	68,906	59,406
-	-	-	-	-	-	-	-
-	29,291	29,291	-	-	-	-	-
-	-	-	-	50,000	50,000	54,847	4,847
-	-	-	-	229,446	229,446	176,689	(52,757)
<u>\$ -</u>	<u>\$ 29,291</u>	<u>\$ 29,291</u>	<u>\$ -</u>	<u>\$ 288,946</u>	<u>\$ 288,946</u>	<u>\$ 300,442</u>	<u>\$ 11,496</u>
<u>\$ 300,000</u>	<u>\$ 329,291</u>	<u>\$ 30,207</u>	<u>\$ 299,084</u>	<u>\$ 288,946</u>	<u>\$ 288,946</u>	<u>\$ 286,227</u>	<u>\$ 2,719</u>
<u>\$ 300,000</u>	<u>\$ 329,291</u>	<u>\$ 30,207</u>	<u>\$ 299,084</u>	<u>\$ 288,946</u>	<u>\$ 288,946</u>	<u>\$ 286,227</u>	<u>\$ 2,719</u>
<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>\$ (916)</u>	<u>\$ 299,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,215</u>	<u>\$ 14,215</u>
\$ 300,000	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 299,084	\$ 299,084	\$ -	\$ -	\$ 14,215	\$ 14,215
-	-	-	-	-	(4,264)	13,677	17,941
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,084</u>	<u>\$ 299,084</u>	<u>\$ -</u>	<u>\$ (4,264)</u>	<u>\$ 27,892</u>	<u>\$ 32,156</u>

Combining Balance Sheet

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

June 30, 2007

	School Cafeteria Fund	Head Start Fund	Total
ASSETS			
Cash and cash equivalents	\$ 2,868	\$ 64,898	\$ 67,766
Receivables (net of allowance for uncollectibles):			
Accounts receivable	402	1,166	1,568
Total assets	<u>\$ 3,270</u>	<u>\$ 66,064</u>	<u>\$ 69,334</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 31,831	\$ -	\$ 31,831
Accrued liabilities	55,165	66,064	121,229
Total liabilities	<u>\$ 86,996</u>	<u>\$ 66,064</u>	<u>\$ 153,060</u>
Fund balances:			
Unreserved:			
Undesignated	\$ (83,726)	\$ -	\$ (83,726)
Total fund balances	<u>\$ (83,726)</u>	<u>\$ -</u>	<u>\$ (83,726)</u>
Total liabilities and fund balances	<u>\$ 3,270</u>	<u>\$ 66,064</u>	<u>\$ 69,334</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, 2007

	School Cafeteria Fund	Head Start Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Charges for services	\$ 818,462	\$ -	\$ 818,462
Intergovernmental revenues:			
Commonwealth	22,892	-	22,892
Federal	<u>622,155</u>	<u>934,788</u>	<u>1,556,943</u>
Total revenues	<u>\$ 1,463,509</u>	<u>\$ 934,788</u>	<u>\$ 2,398,297</u>
 EXPENDITURES			
Current:			
Education	<u>\$ 1,552,821</u>	<u>\$ 934,788</u>	<u>\$ 2,487,609</u>
Total expenditures	<u>\$ 1,552,821</u>	<u>\$ 934,788</u>	<u>\$ 2,487,609</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ (89,312)</u>	 <u>\$ -</u>	 <u>\$ (89,312)</u>
 Net change in fund balances	 <u>\$ (89,312)</u>	 <u>\$ -</u>	 <u>\$ (89,312)</u>
Fund balances - beginning	<u>5,586</u>	<u>-</u>	<u>5,586</u>
Fund balances - ending	<u><u>\$ (83,726)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (83,726)</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, 2007

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 803,164	\$ 803,164	\$ 818,462	\$ 15,298
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	22,536	22,536	22,892	356
Federal	574,750	574,750	622,155	47,405
Total revenues	<u>\$ 1,400,450</u>	<u>\$ 1,400,450</u>	<u>\$ 1,463,509</u>	<u>\$ 63,059</u>
EXPENDITURES				
Current:				
Education	\$ 1,400,450	\$ 1,400,450	\$ 1,552,821	\$ (152,371)
Total expenditures	<u>\$ 1,400,450</u>	<u>\$ 1,400,450</u>	<u>\$ 1,552,821</u>	<u>\$ (152,371)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (89,312)	\$ (89,312)
Net change in fund balances	\$ -	\$ -	\$ (89,312)	\$ (89,312)
Fund balances - beginning	-	-	5,586	5,586
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (83,726)</u>	<u>\$ (83,726)</u>

Head Start Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
924,579	934,788	934,788	-
<u>\$ 924,579</u>	<u>\$ 934,788</u>	<u>\$ 934,788</u>	<u>\$ -</u>
\$ 924,579	\$ 934,788	\$ 934,788	\$ -
<u>\$ 924,579</u>	<u>\$ 934,788</u>	<u>\$ 934,788</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Discretely Presented Component Unit-
Industrial Development Authority

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Balance Sheet
 Discretely Presented Component Unit - Industrial Development Authority
 June 30, 2007

	<u>Industrial Development Authority</u>
ASSETS	
Cash and cash equivalents	\$ 1,045,610
Total assets	<u>\$ 1,045,610</u>
FUND BALANCES	
Fund balances:	
Unreserved:	
Undesignated	\$ 1,045,610
Total liabilities and fund balances	<u>\$ 1,045,610</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - Industrial Development Authority
 For the Year Ended June 30, 2007

	Total Governmental Funds
	<u> </u>
REVENUES	
Miscellaneous	\$ 704,472
Total revenues	<u>\$ 704,472</u>
 EXPENDITURES	
Current:	
Miscellaneous - contingencies and incentives	\$ 20,874
Total expenditures	<u>\$ 20,874</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ 683,598</u>
 Fund balances - beginning	 <u>362,012</u>
Fund balances - ending	<u>\$ 1,045,610</u>

Supporting Schedules

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Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

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	\$ 18,562,530	\$ 18,562,530	\$ 19,705,611	\$ 1,143,081
Real and personal public service corporation taxes	355,000	355,000	356,317	1,317
Personal property taxes	3,199,163	3,199,163	3,732,814	533,651
Mobile home taxes	63,000	63,000	57,175	(5,825)
Machinery and tools taxes	1,075,000	1,075,000	1,052,369	(22,631)
Merchants' capital taxes	139,000	139,000	150,233	11,233
Airplanes	8,250	8,250	18,152	9,902
Boats	130,000	130,000	146,686	16,686
Penalties	200,000	200,000	247,375	47,375
Interest	70,000	70,000	98,779	28,779
Total general property taxes	<u>\$ 23,801,943</u>	<u>\$ 23,801,943</u>	<u>\$ 25,565,511</u>	<u>\$ 1,763,568</u>
Other local taxes:				
Local sales and use taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,102,596	\$ 2,596
Consumers' utility taxes	820,000	820,000	1,087,064	267,064
Consumption taxes	160,000	160,000	87,131	(72,869)
Cable franchise taxes	50,000	50,000	71,315	21,315
E-911 telephone taxes	370,000	370,000	188,853	(181,147)
Cellular phone taxes	300,000	300,000	193,332	(106,668)
Motor vehicle licenses	-	-	35,106	35,106
Bank stock taxes	30,000	30,000	40,324	10,324
Taxes on recordation and wills	800,000	800,000	794,539	(5,461)
Hotel and motel room taxes	38,000	38,000	44,073	6,073
Restaurant food taxes	450,000	450,000	541,263	91,263
Total other local taxes	<u>\$ 5,118,000</u>	<u>\$ 5,118,000</u>	<u>\$ 5,185,596</u>	<u>\$ 67,596</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,000	\$ 9,000	\$ 7,508	\$ (1,492)
Land use application fees	6,000	6,000	15,399	9,399
Transfer fees	2,000	2,000	1,520	(480)
Building and related permits	524,000	524,000	435,382	(88,618)
Zoning and related permits	84,000	84,000	90,349	6,349
Total permits, privilege fees, and regulatory licenses	<u>\$ 625,000</u>	<u>\$ 625,000</u>	<u>\$ 550,158</u>	<u>\$ (74,842)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,000	\$ 1,000	\$ 1,956	\$ 956
Revenue from use of money and property:				
Revenue from use of money	\$ 500,000	\$ 500,000	\$ 1,187,112	\$ 687,112
Revenue from use of property	106,872	106,872	100,217	(6,655)
Total revenue from use of money and property	<u>\$ 606,872</u>	<u>\$ 606,872</u>	<u>\$ 1,287,329</u>	<u>\$ 680,457</u>
Charges for services:				
Excess fees of clerk	\$ 170,200	\$ 170,200	\$ 135,173	\$ (35,027)
Charges for law enforcement and traffic control	200,800	200,800	148,980	(51,820)
Charges for courthouse maintenance	12,000	12,000	12,989	989
Charges for EMS services	1,200,000	1,200,000	672,273	(527,727)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007 (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	\$ 1,725	\$ 1,777	\$ 52
Charges for other protection	80,500	103,663	82,954	(20,709)
Charges for parks and recreation	1,375,920	1,375,920	1,053,769	(322,151)
Charges for maps and surveys	2,400	2,400	1,281	(1,119)
Charges for library	13,700	20,591	30,308	9,717
Total charges for services	<u>\$ 3,056,520</u>	<u>\$ 3,087,299</u>	<u>\$ 2,139,504</u>	<u>\$ (947,795)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 354,977	\$ 397,400	\$ 46,464	\$ (350,936)
Donations	14,000	55,738	53,882	(1,856)
Total miscellaneous revenue	<u>\$ 368,977</u>	<u>\$ 453,138</u>	<u>\$ 100,346</u>	<u>\$ (352,792)</u>
Recovered costs:				
Judge's secretary	\$ 21,580	\$ 21,580	\$ 21,234	\$ (346)
Insurance recoveries	-	5,975	8,411	2,436
Other recovered costs	18,000	18,000	30,845	12,845
Total recovered costs	<u>\$ 39,580</u>	<u>\$ 45,555</u>	<u>\$ 60,490</u>	<u>\$ 14,935</u>
Total revenue from local sources	<u>\$ 33,617,892</u>	<u>\$ 33,738,807</u>	<u>\$ 34,890,890</u>	<u>\$ 1,152,083</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 11,885	\$ 11,885	\$ 11,884	\$ (1)
Wine taxes	12,456	12,456	12,456	-
Motor vehicle carriers' tax	40,750	40,750	-	(40,750)
Mobile home titling tax	30,000	30,000	17,703	(12,297)
Motor vehicle rental tax	4,000	4,000	1,159	(2,841)
Personal property tax relief funds	2,763,073	2,763,073	2,825,443	62,370
Total noncategorical aid	<u>\$ 2,862,164</u>	<u>\$ 2,862,164</u>	<u>\$ 2,868,645</u>	<u>\$ 6,481</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 214,419	\$ 214,419	\$ 213,472	\$ (947)
Sheriff	1,174,591	1,174,591	1,230,341	55,750
Commissioner of revenue	104,739	104,739	107,931	3,192
Treasurer	116,928	116,928	120,561	3,633
Medical examiner	500	500	290	(210)
Registrar/electoral board	44,584	44,584	54,029	9,445
Clerk of the Circuit Court	235,787	303,172	263,332	(39,840)
Total shared expenses	<u>\$ 1,891,548</u>	<u>\$ 1,958,933</u>	<u>\$ 1,989,956</u>	<u>\$ 31,023</u>
Other categorical aid:				
Emergency medical services - four for life	\$ 15,000	\$ 26,898	\$ 26,898	\$ -
EMS/fire grant	30,000	483,022	153,309	(329,713)
Library grant	180,927	191,614	191,726	112
Virginia Commission for the Arts	-	4,500	4,500	-
Comprehensive services act	276,383	492,561	466,154	(26,407)
Grant for restoration of records	160,000	160,000	179,272	19,272

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Victim-witness grant	\$ 47,564	\$ 48,390	\$ 52,658	\$ 4,268
DCJS senior security grant	1,000	-	1,000	1,000
Virginia crime control grant	30,364	30,514	30,364	(150)
E-911 Wireless funds	79,500	79,500	117,226	37,726
Tobacco grant	-	12,453	12,452	(1)
Fire programs	48,000	53,168	53,168	-
Other state funds	53,171	81,171	29,928	(51,243)
Total other categorical aid	<u>\$ 921,909</u>	<u>\$ 1,663,791</u>	<u>\$ 1,318,655</u>	<u>\$ (345,136)</u>
Total categorical aid	<u>\$ 2,813,457</u>	<u>\$ 3,622,724</u>	<u>\$ 3,308,611</u>	<u>\$ (314,113)</u>
Total revenue from the Commonwealth	<u>\$ 5,675,621</u>	<u>\$ 6,484,888</u>	<u>\$ 6,177,256</u>	<u>\$ (307,632)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ -	\$ -	\$ 1,356	\$ 1,356
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ 12,000	\$ 8,048	\$ (3,952)
Highway Planning and Construction - Montpelier Project	-	1,114,047	1,114,046	(1)
SAFER Grant	-	-	53,500	53,500
Local law enforcement block grant	-	5,977	62,320	56,343
Assistance to firefighters grant	-	-	416,745	416,745
Child and adult food program	10,000	10,000	13,247	3,247
COPS grant	-	11,462	48,696	37,234
Homeland security	-	5,427	21,987	16,560
Total categorical aid	<u>\$ 10,000</u>	<u>\$ 1,158,913</u>	<u>\$ 1,738,589</u>	<u>\$ 579,676</u>
Total revenue from the federal government	<u>\$ 10,000</u>	<u>\$ 1,158,913</u>	<u>\$ 1,739,945</u>	<u>\$ 581,032</u>
Total General Fund	<u>\$ 39,303,513</u>	<u>\$ 41,382,608</u>	<u>\$ 42,808,091</u>	<u>\$ 1,425,483</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 43,073	\$ 471,453	\$ 515,075	\$ 43,622
Total revenue from the Commonwealth	<u>\$ 43,073</u>	<u>\$ 471,453</u>	<u>\$ 515,075</u>	<u>\$ 43,622</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,855,983	\$ 1,855,983	\$ 1,344,801	\$ (511,182)
Total revenue from the federal government	<u>\$ 1,855,983</u>	<u>\$ 1,855,983</u>	<u>\$ 1,344,801</u>	<u>\$ (511,182)</u>
Total Virginia Public Assistance Fund	<u>\$ 1,899,056</u>	<u>\$ 2,327,436</u>	<u>\$ 1,859,876</u>	<u>\$ (467,560)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007 (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	\$ -	\$ 1,466	\$ 1,466	\$ -
Miscellaneous revenue:				
Miscellaneous revenue	\$ -	\$ 7,776	\$ -	\$ (7,776)
Total revenue from local sources	\$ -	\$ 9,242	\$ 1,466	\$ (7,776)
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	\$ -	\$ 13,550	\$ 12,542	\$ (1,008)
Total revenue from the federal government	\$ -	\$ 13,550	\$ 12,542	\$ (1,008)
Total Asset Forfeiture Fund	<u>\$ -</u>	<u>\$ 22,792</u>	<u>\$ 14,008</u>	<u>\$ (8,784)</u>
Law Library Fund				
Charges for services:				
Law library fees	\$ 6,900	\$ 6,900	\$ 3,696	\$ (3,204)
Total revenue from local sources	\$ 6,900	\$ 6,900	\$ 3,696	\$ (3,204)
Total Law Library Fund	<u>\$ 6,900</u>	<u>\$ 6,900</u>	<u>\$ 3,696</u>	<u>\$ (3,204)</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 8,327	\$ 8,327
Miscellaneous revenue:				
Miscellaneous Revenue	\$ -	\$ -	\$ 40,000	\$ 40,000
Proffer revenue	-	-	55,185	55,185
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,185</u>	<u>\$ 95,185</u>
Total revenue from local sources	\$ -	\$ -	\$ 103,512	\$ 103,512
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ 700,000	\$ -	\$ (700,000)
Total revenue from the federal government	\$ -	\$ 700,000	\$ -	\$ (700,000)
Total County Capital Improvements Fund	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ 103,512</u>	<u>\$ (596,488)</u>
School Capital Projects Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,841,801	\$ 2,846,907	\$ 117,823	\$ (2,729,084)
Total School Capital Projects Fund	<u>\$ 2,841,801</u>	<u>\$ 2,846,907</u>	<u>\$ 117,823</u>	<u>\$ (2,729,084)</u>
Total Primary Government	<u>\$ 44,051,270</u>	<u>\$ 47,286,643</u>	<u>\$ 44,907,006</u>	<u>\$ (2,379,637)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007 (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	\$ 24,176	\$ 9,176
Charges for services:				
Charges for education	\$ 35,000	\$ 35,000	\$ 39,920	\$ 4,920
Miscellaneous revenue:				
Miscellaneous revenue	\$ 135,105	\$ 135,105	\$ 186,341	\$ 51,236
Total revenue from local sources	\$ 185,105	\$ 185,105	\$ 250,437	\$ 65,332
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Orange, Virginia	\$ 15,400,440	\$ 15,905,060	\$ 15,145,174	\$ (759,886)
Total revenues from local governments	\$ 15,400,440	\$ 15,905,060	\$ 15,145,174	\$ (759,886)
Categorical aid:				
Share of state sales tax	\$ 4,713,784	\$ 4,713,784	\$ 4,417,954	\$ (295,830)
Basic school aid	12,470,348	12,470,348	12,784,733	314,385
Teacher incentive - salary supplement	249,470	249,470	309,577	60,107
Regular foster care	81,305	81,305	61,516	(19,789)
Gifted and talented	109,657	109,657	110,563	906
Remedial education	302,906	302,906	307,646	4,740
Special education	1,452,954	1,452,954	1,464,964	12,010
Textbook payment	279,104	279,104	277,182	(1,922)
Vocational standards of quality payments	230,280	230,280	232,183	1,903
Social security fringe benefits	638,752	638,752	644,031	5,279
Retirement fringe benefits	816,944	816,944	815,405	(1,539)
Group life insurance instructional	41,121	41,121	38,697	(2,424)
State lottery payments	638,286	638,286	640,742	2,456
Early reading intervention	42,089	42,089	35,853	(6,236)
Dropout prevention	-	-	10,000	10,000
Homebound education	39,083	39,083	17,466	(21,617)
Special education jails	8,858	8,858	388	(8,470)
Special education - Regional programs	499,794	499,794	183,342	(316,452)
At risk payments	162,650	162,650	163,233	583
GED funding	7,859	7,859	7,859	-
K-3 Initiative	362,738	362,738	348,034	(14,704)
Technology	6,589	6,589	16,550	9,961
Standards of Learning algebra readiness	30,379	30,379	27,109	(3,270)
English as a second language	27,112	27,112	41,732	14,620
School construction funds	154,081	154,081	154,081	-
VPSA technology funds	258,000	258,000	258,000	-
Other state funds	-	-	26,647	26,647
Total categorical aid	\$ 23,624,143	\$ 23,624,143	\$ 23,395,487	\$ (228,656)
Total revenue from the Commonwealth	\$ 23,624,143	\$ 23,624,143	\$ 23,395,487	\$ (228,656)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007 (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	\$ 772,140	\$ 663,551	\$ 647,754	\$ (15,797)
Title VI-B, special education flow-through	884,044	992,633	1,062,909	70,276
Vocational education	68,335	68,335	64,675	(3,660)
Title VI-B, special education pre-school	105,015	105,015	30,274	(74,741)
Drug free schools	28,418	28,418	17,529	(10,889)
Title II, Technology	12,688	12,688	20,145	7,457
Title II, Teacher Quality	220,511	220,511	203,633	(16,878)
Title III, Limited English Proficiency	-	-	4,922	4,922
JROTC	73,358	73,358	48,571	(24,787)
Title V, Part A - Innovative programs	17,353	17,353	9,067	(8,286)
Other federal funds	-	-	6,824	6,824
Total categorical aid	<u>\$ 2,181,862</u>	<u>\$ 2,181,862</u>	<u>\$ 2,116,303</u>	<u>\$ (65,559)</u>
Total revenue from the federal government	<u>\$ 2,181,862</u>	<u>\$ 2,181,862</u>	<u>\$ 2,116,303</u>	<u>\$ (65,559)</u>
Total School Operating Fund	<u>\$ 41,391,550</u>	<u>\$ 41,896,170</u>	<u>\$ 40,907,401</u>	<u>\$ (988,769)</u>
School Textbook Adoption Fund:				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Orange, Virginia	\$ -	\$ 29,291	\$ 29,291	\$ -
Total revenue from local governments	<u>\$ -</u>	<u>\$ 29,291</u>	<u>\$ 29,291</u>	<u>\$ -</u>
Total School Textbook Adoption Fund	<u>\$ -</u>	<u>\$ 29,291</u>	<u>\$ 29,291</u>	<u>\$ -</u>
Adult Education Fund:				
Revenue from local sources:				
Charges for services:				
Charges for Education	\$ 9,500	\$ 9,500	\$ 68,906	\$ 59,406
Total revenue from local sources	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 68,906</u>	<u>\$ 59,406</u>
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ 50,000	\$ 50,000	\$ 54,847	\$ 4,847
Total revenue from the Commonwealth	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 54,847</u>	<u>\$ 4,847</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007 (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	\$ 229,446	\$ 229,446	\$ 176,689	\$ (52,757)
Total revenue from the federal government	\$ 229,446	\$ 229,446	\$ 176,689	\$ (52,757)
Total Adult Education Fund	<u>\$ 288,946</u>	<u>\$ 288,946</u>	<u>\$ 300,442</u>	<u>\$ 11,496</u>
School Cafeteria Fund:				
Charges for services:				
Cafeteria sales	\$ 803,164	\$ 803,164	\$ 818,462	\$ 15,298
Total revenue from local sources	\$ 803,164	\$ 803,164	\$ 818,462	\$ 15,298
Categorical aid:				
School food program grant	\$ 22,536	\$ 22,536	\$ 22,892	\$ 356
Total revenue from the Commonwealth	<u>\$ 22,536</u>	<u>\$ 22,536</u>	<u>\$ 22,892</u>	<u>\$ 356</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 574,750	\$ 574,750	\$ 622,155	\$ 47,405
Total revenue from the federal government	\$ 574,750	\$ 574,750	\$ 622,155	\$ 47,405
Total School Cafeteria Fund	<u>\$ 1,400,450</u>	<u>\$ 1,400,450</u>	<u>\$ 1,463,509</u>	<u>\$ 63,059</u>
Head Start Fund:				
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 924,579	\$ 934,788	\$ 934,788	\$ -
Total revenue from the federal government	\$ 924,579	\$ 934,788	\$ 934,788	\$ -
Total Head Start Fund	<u>\$ 924,579</u>	<u>\$ 934,788</u>	<u>\$ 934,788</u>	<u>\$ -</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 44,005,525</u>	<u>\$ 44,549,645</u>	<u>\$ 43,635,431</u>	<u>\$ (914,214)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 141,775	\$ 168,635	\$ 166,623	\$ 2,012
General and financial administration:				
County administrator	\$ 453,504	\$ 465,145	\$ 438,883	\$ 26,262
Legal services	26,052	59,369	58,127	1,242
County attorney	131,293	146,455	138,500	7,955
Human resources	1,723,249	786,066	184,282	601,784
Independent auditor	44,500	44,500	48,723	(4,223)
Commissioner of revenue	367,596	373,336	330,175	43,161
Reassessment	154,000	306,830	175,045	131,785
Board of Equalization	17,748	17,748	22,093	(4,345)
Treasurer	366,104	388,915	363,057	25,858
Finance	385,349	396,573	319,196	77,377
Data processing	265,700	288,674	264,419	24,255
Other general and financial administration	7,600	7,600	7,720	(120)
Total general and financial administration	\$ 3,942,695	\$ 3,281,211	\$ 2,350,220	\$ 930,991
Board of elections:				
Electoral board and officials	\$ 36,830	\$ 36,830	\$ 30,298	\$ 6,532
Registrar	93,813	94,724	73,891	20,833
Total board of elections	\$ 130,643	\$ 131,554	\$ 104,189	\$ 27,365
Total general government administration	\$ 4,215,113	\$ 3,581,400	\$ 2,621,032	\$ 960,368
Judicial administration:				
Courts:				
Circuit court	\$ 67,579	\$ 83,572	\$ 76,220	\$ 7,352
General district court	14,700	14,700	9,771	4,929
Special magistrates	5,550	8,033	7,169	864
Clerk of the circuit court	435,740	527,632	472,984	54,648
Sheriff	412,478	446,778	443,034	3,744
Total courts	\$ 936,047	\$ 1,080,715	\$ 1,009,178	\$ 71,537
Commonwealth's attorney:				
Commonwealth's attorney	\$ 272,508	\$ 278,484	\$ 272,850	\$ 5,634
Total commonwealth's attorney	\$ 272,508	\$ 278,484	\$ 272,850	\$ 5,634
Total judicial administration	\$ 1,208,555	\$ 1,359,199	\$ 1,282,028	\$ 77,171
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,115,814	\$ 2,314,451	\$ 2,294,439	\$ 20,012
E-911 and central dispatch	659,322	905,508	864,955	40,553
Victim Witness Program	56,838	59,968	56,837	3,131
Other law enforcement	93,856	155,889	141,293	14,596
Total law enforcement and traffic control	\$ 2,925,830	\$ 3,435,816	\$ 3,357,524	\$ 78,292

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007 (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	\$ 372,750	\$ 372,750	\$ 372,750	\$ -
Volunteer rescue departments	62,671	237,699	229,229	8,470
Emergency medical services	2,174,222	2,622,286	2,474,614	147,672
Other fire and rescue services	105,230	577,495	573,847	3,648
Total fire and rescue services	<u>\$ 2,714,873</u>	<u>\$ 3,810,230</u>	<u>\$ 3,650,440</u>	<u>\$ 159,790</u>
Correction and detention:				
Jointly operated institutions	\$ 108,328	\$ 152,809	\$ 151,837	\$ 972
Probation office	2,500	2,500	2,731	(231)
Total correction and detention	<u>\$ 110,828</u>	<u>\$ 155,309</u>	<u>\$ 154,568</u>	<u>\$ 741</u>
Inspections:				
Building	\$ 441,861	\$ 455,249	\$ 443,411	\$ 11,838
Total inspections	<u>\$ 441,861</u>	<u>\$ 455,249</u>	<u>\$ 443,411</u>	<u>\$ 11,838</u>
Other protection:				
Animal control	\$ 482,260	\$ 596,868	\$ 565,632	\$ 31,236
Medical examiner	1,200	1,200	420	780
Emergency services (civil defense)	113,291	52,396	36,253	16,143
Sludge monitor	1,050	1,050	-	1,050
Total other protection	<u>\$ 597,801</u>	<u>\$ 651,514</u>	<u>\$ 602,305</u>	<u>\$ 49,209</u>
Total public safety	<u>\$ 6,791,193</u>	<u>\$ 8,508,118</u>	<u>\$ 8,208,248</u>	<u>\$ 299,870</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 608,245	\$ 644,832	\$ 613,288	\$ 31,544
Total public works	<u>\$ 608,245</u>	<u>\$ 644,832</u>	<u>\$ 613,288</u>	<u>\$ 31,544</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 345,265	\$ 345,265	\$ 345,265	\$ -
Total health	<u>\$ 345,265</u>	<u>\$ 345,265</u>	<u>\$ 345,265</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 130,004	\$ 130,004	\$ 130,004	\$ -
Total mental health and mental retardation	<u>\$ 130,004</u>	<u>\$ 130,004</u>	<u>\$ 130,004</u>	<u>\$ -</u>
Welfare:				
Board of public welfare	\$ 3,000	\$ 3,000	\$ 2,750	\$ 250
State and local hospitalization	11,000	11,000	9,399	1,601
Welfare funeral supplements	500	500	-	500
Comprehensive youth services act and administration	577,325	858,130	844,798	13,332
Virginia juvenile crime control act	35,811	44,034	42,374	1,660

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007 (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	\$ 81,774	\$ 94,876	\$ 92,191	\$ 2,685
Youth substance abuse programs	8,000	16,793	11,314	5,479
Smart beginnings	-	30,000	-	30,000
Tobacco settlement foundation	-	12,478	12,459	19
Summer mentoring group	-	526	526	-
Skyline CAP grant	5,000	5,100	3,703	1,397
At risk program	3,550	4,448	895	3,553
Project excel	6,000	6,000	4,692	1,308
Total welfare	<u>\$ 731,960</u>	<u>\$ 1,086,885</u>	<u>\$ 1,025,101</u>	<u>\$ 61,784</u>
Total health and welfare	<u>\$ 1,207,229</u>	<u>\$ 1,562,154</u>	<u>\$ 1,500,370</u>	<u>\$ 61,784</u>
Education:				
Other instructional costs:				
Contributions to Germanna Community College	\$ 231,814	\$ 231,814	\$ 231,814	\$ -
Contribution to County School Board	15,838,176	15,934,351	15,174,465	759,886
Total education	<u>\$ 16,069,990</u>	<u>\$ 16,166,165</u>	<u>\$ 15,406,279</u>	<u>\$ 759,886</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 228,669	\$ 261,149	\$ 255,921	\$ 5,228
Recreation programs	473,406	479,798	360,540	119,258
Child Care	1,064,833	1,087,189	969,455	117,734
Total parks and recreation	<u>\$ 1,766,908</u>	<u>\$ 1,828,136</u>	<u>\$ 1,585,916</u>	<u>\$ 242,220</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	-
Four County Players	4,000	4,000	4,000	-
Other contributions	27,119	31,619	31,619	-
Total cultural enrichment	<u>\$ 44,619</u>	<u>\$ 49,119</u>	<u>\$ 49,119</u>	<u>\$ -</u>
Library:				
Orange County library	\$ 512,198	\$ 542,801	\$ 526,775	\$ 16,026
Wilderness library	232,316	253,370	244,225	9,145
Gordonsville library	110,415	118,189	107,989	10,200
Total library	<u>\$ 854,929</u>	<u>\$ 914,360</u>	<u>\$ 878,989</u>	<u>\$ 35,371</u>
Total parks, recreation, and cultural	<u>\$ 2,666,456</u>	<u>\$ 2,791,615</u>	<u>\$ 2,514,024</u>	<u>\$ 277,591</u>
Community development:				
Planning and community development:				
Planning & zoning	\$ 316,182	\$ 355,073	\$ 303,505	\$ 51,568
Planning district commission	17,143	17,143	17,143	-
Community development	14,500	1,128,547	1,128,547	-
Planning commission	30,900	33,549	28,250	5,299

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007 (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	\$ 19,102	\$ 12,784	\$ 6,318
Economic development	158,089	170,256	167,868	2,388
Industrial Development Authority	129,610	129,264	125,624	3,640
Tourism	280,445	313,095	230,517	82,578
Total planning and community development	<u>\$ 952,469</u>	<u>\$ 2,166,029</u>	<u>\$ 2,014,238</u>	<u>\$ 151,791</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 46,989	\$ 46,989	\$ 46,989	\$ -
Virginia division of forestry	5,925	5,925	5,925	-
Total environmental management	<u>\$ 52,914</u>	<u>\$ 52,914</u>	<u>\$ 52,914</u>	<u>\$ -</u>
Cooperative extension program:				
VPI extension program	\$ 90,987	\$ 90,987	\$ 78,925	\$ 12,062
Total community development	<u>\$ 1,096,370</u>	<u>\$ 2,309,930</u>	<u>\$ 2,146,077</u>	<u>\$ 163,853</u>
Nondepartmental:				
Contingencies	\$ 322,246	\$ -	\$ -	\$ -
Miscellaneous	-	1,384	1,386	(2)
Total nondepartmental	<u>\$ 322,246</u>	<u>\$ 1,384</u>	<u>\$ 1,386</u>	<u>\$ (2)</u>
Capital projects:				
Renovation of buildings	\$ 109,400	\$ 163,521	\$ 62,765	\$ 100,756
Communications/data processing	35,000	40,660	40,660	-
Sheriff's department	-	2,802	2,272	530
E-911 and central dispatch	56,238	140,636	88,232	52,404
Animal shelter	-	12,215	1,716	10,499
Parks and recreation	87,000	89,000	21,994	67,006
Planning and zoning	-	39,700	38,422	1,278
Total capital projects	<u>\$ 287,638</u>	<u>\$ 488,534</u>	<u>\$ 256,061</u>	<u>\$ 232,473</u>
Total General Fund	<u>\$ 34,473,035</u>	<u>\$ 37,413,331</u>	<u>\$ 34,548,793</u>	<u>\$ 2,864,538</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,327,947	\$ 2,802,907	\$ 2,272,928	\$ 529,979
Total health and welfare	<u>\$ 2,327,947</u>	<u>\$ 2,802,907</u>	<u>\$ 2,272,928</u>	<u>\$ 529,979</u>
Total Virginia Public Assistance Fund	<u>\$ 2,327,947</u>	<u>\$ 2,802,907</u>	<u>\$ 2,272,928</u>	<u>\$ 529,979</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007 (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	\$ -	\$ 354	\$ 354	\$ -
Law enforcement and traffic control:				
Sheriff	\$ -	\$ 45,776	\$ 45,169	\$ 607
Total public safety	\$ -	\$ 46,130	\$ 45,523	\$ 607
Total Asset Forfeiture fund	\$ -	\$ 46,130	\$ 45,523	\$ 607
Revenue Maximization Fund				
Health and welfare:				
Welfare and social services:				
Revenue maximization	\$ -	\$ -	\$ 1,410	\$ (1,410)
Total health and welfare	\$ -	\$ -	\$ 1,410	\$ (1,410)
Total Revenue Maximization fund	\$ -	\$ -	\$ 1,410	\$ (1,410)
Law Library Fund				
Judicial administration				
Courts:				
Law library	\$ 6,900	\$ 6,900	\$ 1,847	\$ 5,053
Total Law Library Fund	\$ 6,900	\$ 6,900	\$ 1,847	\$ 5,053
Debt Service Fund				
Debt service:				
Principal retirement	\$ 2,848,989	\$ 2,825,416	\$ 2,825,416	\$ -
Interest and other fiscal charges	2,889,352	2,914,272	2,914,272	-
Total School Debt Service Fund	\$ 5,738,341	\$ 5,739,688	\$ 5,739,688	\$ -
Capital Projects Fund:				
County Capital Improvements Fund:				
Capital projects expenditures:				
Courthouse renovation project	\$ -	\$ 31,968	\$ 13,811	\$ 18,157
Library projects	738,122	793,202	14,526	778,676
Animal shelter	-	72,383	56,755	15,628
Water impoundment project	150,000	438,772	230,771	208,001
Wireless project	125,000	458,647	296,807	161,840
Fire & rescue projects	200,000	200,000	200,000	-
Postal project	-	100,000	692	99,308
Eastern school project	456,831	456,831	115,925	340,906
Timbertruss project	-	24,822	1,022	23,800
Force main installation	-	550,188	49,140	501,048
Pump station installation	-	649,000	-	649,000
Total capital projects	\$ 1,669,953	\$ 3,775,813	\$ 979,449	\$ 2,796,364
Total Capital Projects Fund	\$ 1,669,953	\$ 3,775,813	\$ 979,449	\$ 2,796,364

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007 (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	\$ 2,841,801	\$ 2,837,621	\$ 1,202,946	\$ 1,634,675
School capital projects (non-construction)	-	9,286	9,286	-
Total capital projects	<u>\$ 2,841,801</u>	<u>\$ 2,846,907</u>	<u>\$ 1,212,232</u>	<u>\$ 1,634,675</u>
Total School Capital Projects Fund	<u>\$ 2,841,801</u>	<u>\$ 2,846,907</u>	<u>\$ 1,212,232</u>	<u>\$ 1,634,675</u>
Total Primary Government	<u>\$ 47,051,077</u>	<u>\$ 52,578,646</u>	<u>\$ 44,801,870</u>	<u>\$ 7,824,146</u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 73,420	\$ 73,420	\$ 52,518	\$ 20,902
Executive administration services	334,129	339,129	334,676	4,453
Personnel	457,665	484,665	467,652	17,013
Fiscal services	336,673	336,673	336,647	26
School nurses	300,096	300,430	305,888	(5,458)
School psychologist	71,255	195,303	226,550	(31,247)
Other administrative costs	75,200	74,531	66,768	7,763
Total administration of schools	<u>\$ 1,648,438</u>	<u>\$ 1,804,151</u>	<u>\$ 1,790,699</u>	<u>\$ 13,452</u>
Instruction costs:				
Elementary and secondary schools	\$ 26,262,407	\$ 26,123,973	\$ 25,712,097	\$ 411,876
Guidance services	734,963	733,963	734,753	(790)
Social worker services	80,122	84,172	89,261	(5,089)
Other instructional costs	1,727,442	1,790,415	1,635,182	155,233
Media services	665,963	666,765	646,331	20,434
Office of the principal	2,322,832	2,316,952	2,433,389	(116,437)
Total instruction costs	<u>\$ 31,793,729</u>	<u>\$ 31,716,240</u>	<u>\$ 31,251,013</u>	<u>\$ 465,227</u>
Operating costs:				
Attendance and health services				-
Pupil transportation	\$ 3,535,990	\$ 3,535,990	\$ 3,498,588	\$ 37,402
Operation and maintenance of school plant	4,551,129	4,539,806	4,068,231	471,575
Total operating costs	<u>\$ 8,087,119</u>	<u>\$ 8,075,796</u>	<u>\$ 7,566,819</u>	<u>\$ 508,977</u>
Total education	<u>\$ 41,529,286</u>	<u>\$ 41,596,187</u>	<u>\$ 40,608,531</u>	<u>\$ 987,656</u>
Total School Fund	<u>\$ 41,529,286</u>	<u>\$ 41,596,187</u>	<u>\$ 40,608,531</u>	<u>\$ 987,656</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007 (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	\$ 329,291	\$ 30,207	\$ 299,084
Total education	<u>300,000</u>	<u>329,291</u>	<u>30,207</u>	<u>299,084</u>
Total School Textbook Adoption Fund	<u>\$ 300,000</u>	<u>\$ 329,291</u>	<u>\$ 30,207</u>	<u>\$ 299,084</u>
Adult Education Fund:				
Education:				
Instruction	\$ 288,946	\$ 288,946	\$ 286,227	\$ 2,719
Total Adult Education Fund	<u>\$ 288,946</u>	<u>\$ 288,946</u>	<u>\$ 286,227</u>	<u>\$ 2,719</u>
Cafeteria Fund:				
Education:				
School food services				
Administration of school food program	\$ 1,400,450	\$ 1,400,450	\$ 1,552,821	\$ (152,371)
Total education	<u>\$ 1,400,450</u>	<u>\$ 1,400,450</u>	<u>\$ 1,552,821</u>	<u>\$ (152,371)</u>
Total Cafeteria Fund	<u>\$ 1,400,450</u>	<u>\$ 1,400,450</u>	<u>\$ 1,552,821</u>	<u>\$ (152,371)</u>
Head Start Fund:				
Education:				
Instruction	\$ 924,579	\$ 934,788	\$ 934,788	\$ -
Total Head Start Fund	<u>\$ 924,579</u>	<u>\$ 934,788</u>	<u>\$ 934,788</u>	<u>\$ -</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 44,443,261</u>	<u>\$ 44,549,662</u>	<u>\$ 43,412,574</u>	<u>\$ 1,137,088</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 2001; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year				
	2003	2004	2005	2006	2007
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
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>
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>
Business-type activities					
Invested in capital assets, net of related debt					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 5,756,300
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,162,008</u>
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,918,308</u>
Primary government					
Invested in capital assets, net of related debt	\$ 2,823,689	\$ 3,762,291	\$ 7,389,293	\$ 9,363,277	\$ 4,870,909
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>
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>

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

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

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
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
Local sales and use taxes	1,685,245	1,835,213	1,941,534	2,073,563	2,102,596
Consumers' utility taxes	836,980	865,991	824,666	1,003,459	1,087,064
Consumption taxes	73,830	101,583	78,857	122,586	87,131
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
Taxes on recordation and wills	360,837	439,586	818,847	1,180,858	794,539
Restaurant food taxes	332,144	340,754	409,958	429,096	541,263
Other local taxes	144,306	83,040	102,631	92,602	84,397
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
Miscellaneous	304,424	221,720	297,771	1,508,103	195,531
Unrestricted grants and contributions	2,667,730	2,760,591	2,810,083	3,213,729	2,870,001
Transfers	-	-	-	-	(3,087,955)
Total governmental activities	\$ 27,423,690	\$ 37,929,918	\$ 30,905,430	\$ 35,587,528	\$ 31,790,590
Business-type activities:					
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ -	\$ 35,247
Transfers	-	-	-	-	3,087,955
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ 3,123,202
Total primary government	\$ 27,423,690	\$ 37,929,918	\$ 30,905,430	\$ 35,587,528	\$ 34,913,792
Change in Net Assets					
Governmental activities	\$ 822,771	\$ 9,694,565	\$ 8,552,060	\$ 4,872,388	\$ (1,067,739)
Business-type activities	-	-	-	-	1,930,374
Total primary government	\$ 822,771	\$ 9,694,565	\$ 8,552,060	\$ 4,872,388	\$ 862,635

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 Five Fiscal Years
(*accrual basis of accounting*)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Local sales and use Tax</u>	<u>Consumer Utility Tax</u>	<u>Consumption Tax</u>	<u>Cable Franchise Tax</u>	<u>E-911 Tax</u>	<u>Cellular Phone Tax</u>
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
\$ 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)**

	Fiscal Year				
	1998	1999	2000	2001	2002
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,335,623	7,621,536	6,929,903	7,504,970	8,063,111
Total general fund	<u>\$ 5,335,623</u>	<u>\$ 7,621,536</u>	<u>\$ 6,929,903</u>	<u>\$ 7,504,970</u>	<u>\$ 8,063,111</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	187,363	273,985
Capital projects funds	(360,585)	(623,354)	26,772	27,386	332,158
Total all other governmental funds	<u>\$ (360,585)</u>	<u>\$ (623,354)</u>	<u>\$ 26,772</u>	<u>\$ 214,749</u>	<u>\$ 606,143</u>

Table 4

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ -	\$ -	\$ -	\$ 10,299,878	\$ 10,926,181
<u>9,409,239</u>	<u>18,830,090</u>	<u>21,251,381</u>	<u>8,763,365</u>	<u>7,106,515</u>
<u>\$ 9,409,239</u>	<u>\$ 18,830,090</u>	<u>\$ 21,251,381</u>	<u>\$ 19,063,243</u>	<u>\$ 18,032,696</u>
\$ -	\$ 1,372,806	\$ 2,415,367	\$ 3,427,367	\$ 2,265,476
276,989	581,870	399,756	915,799	126,342
<u>30,777,443</u>	<u>7,999,083</u>	<u>4,146,299</u>	<u>5,727,834</u>	<u>4,536,111</u>
<u>\$ 31,054,432</u>	<u>\$ 9,953,759</u>	<u>\$ 6,961,422</u>	<u>\$ 10,071,000</u>	<u>\$ 6,927,929</u>

County of Orange, Virginia

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

	Fiscal Years				
	1998	1999	2000	2001	2002
Revenues					
General property taxes	\$ 14,394,753	\$ 15,558,659	\$ 15,672,480	\$ 15,985,943	\$ 17,737,805
Other local taxes	2,691,003	2,869,528	2,970,172	3,519,140	3,900,642
Permits, privilege fees and regulatory licenses	176,591	180,333	184,327	287,435	364,980
Fines and forfeitures	5,195	6,318	4,938	2,224	2,096
Revenue from use of money and property	509,219	557,130	622,118	607,679	427,588
Charges for services	481,196	578,290	666,504	758,442	732,674
Miscellaneous	149,771	225,909	270,369	217,186	250,355
Recovered costs	30,463	17,491	16,234	46,374	80,030
Intergovernmental:					
Local government	-	-	-	-	-
Commonwealth	2,487,930	2,754,556	3,785,132	5,326,096	6,132,571
Federal	1,262,357	1,203,627	1,565,720	1,242,429	2,167,139
Total revenues	\$ 22,188,478	\$ 23,951,841	\$ 25,757,994	\$ 27,992,948	\$ 31,795,880
Expenditures					
General government administration	\$ 1,076,124	\$ 1,075,379	\$ 1,139,228	\$ 1,247,076	\$ 1,488,064
Judicial administration	711,500	786,090	792,978	923,268	939,362
Public safety	2,227,613	2,663,808	3,027,863	3,461,309	3,567,000
Public works	801,641	846,994	1,056,079	1,053,114	1,264,432
Health and welfare	1,974,139	2,098,033	2,404,772	2,757,452	3,178,928
Education	3,684	15,778	21,750	17,410	10,327
Parks, recreation and cultural	739,632	834,878	885,703	1,090,027	1,184,210
Community development	575,211	573,054	1,097,519	843,658	828,212
Nondepartmental	58,054	25,951	37,581	20,143	12,993
Capital projects	1,464,174	992,324	501,744	1,334,088	3,584,611
Debt service					
Principal	294,580	291,608	370,224	310,417	255,190
Interest and other fiscal charges	265,617	261,193	247,329	224,986	206,618
Total expenditures	\$ 10,191,969	\$ 10,465,090	\$ 11,582,770	\$ 13,282,948	\$ 16,519,947
Excess of revenues over (under) expenditures	\$ 11,996,509	\$ 13,486,751	\$ 14,175,224	\$ 14,710,000	\$ 15,275,933
Other financing sources (uses)					
Transfers in	\$ -	\$ -	\$ 668,708	\$ 1,346,420	\$ 1,294,372
Transfers out	(11,646,092)	(11,612,458)	(14,885,439)	(15,293,376)	(16,920,770)
Bonds issued	-	-	-	-	1,300,000
Premium on bonds issued	-	-	-	-	-
Refunding of bonds	-	-	-	-	-
Capital leases	395,816	148,851	-	-	-
Total other financing sources (uses)	\$ (11,250,276)	\$ (11,463,607)	\$ (14,216,731)	\$ (13,946,956)	\$ (14,326,398)
Net change in fund balances	\$ 746,233	\$ 2,023,144	\$ (41,507)	\$ 763,044	\$ 949,535
Debt service as a percentage of noncapital expenditures	6.419%	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>
\$	18,608,288	\$ 28,630,362	\$ 21,705,461	\$ 23,602,447	\$ 25,565,511
	4,636,324	4,924,159	5,568,688	6,280,508	5,185,596
	366,971	465,707	675,005	623,031	550,158
	11,151	1,049	1,102	1,422	1,956
	841,844	484,998	630,817	1,285,767	1,414,945
	1,101,903	1,419,993	1,611,450	2,003,316	2,143,200
	304,424	221,720	297,771	1,508,103	195,531
	148,211	299,298	219,577	286,981	60,490
	-	-	-	36,269	-
	6,093,544	5,895,673	6,174,105	6,966,667	6,692,331
	2,277,068	1,617,530	2,829,826	3,052,524	3,097,288
\$	<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>
\$	1,541,731	\$ 1,659,099	\$ 1,979,038	\$ 2,268,798	\$ 2,621,032
	950,529	965,949	1,099,273	1,174,246	1,283,875
	3,906,290	4,324,133	5,524,201	6,294,257	8,253,771
	1,390,671	1,438,725	1,714,695	2,061,668	613,288
	3,035,056	3,458,184	3,516,108	3,492,498	3,774,708
	14,304,597	12,994,395	12,380,334	15,352,687	15,406,279
	1,523,280	1,692,525	1,891,866	2,145,518	2,514,024
	1,215,602	963,910	1,077,812	1,362,168	2,146,077
	9,916	20,485	22,496	75,188	1,386
	22,058,313	21,895,739	6,330,765	5,611,190	2,447,742
	3,438,996	3,351,197	2,003,081	3,320,548	2,825,416
	2,660,482	2,875,970	2,675,684	2,554,408	2,914,272
\$	<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>(21,645,735)</u>	<u>\$ (11,679,822)</u>	<u>\$ (501,551)</u>	<u>\$ (66,139)</u>	<u>\$ 105,136</u>
\$	3,349,787	\$ 3,140,289	\$ 4,996,596	\$ 6,090,826	\$ 6,891,911
	(3,349,787)	(3,140,289)	(4,996,596)	(6,090,826)	(9,979,866)
	28,046,200	-	-	15,214,434	-
	-	-	-	773,145	-
	-	-	-	(15,000,000)	-
	-	-	-	-	-
\$	<u>28,046,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,579</u>	<u>\$ (3,087,955)</u>
\$	<u>6,400,465</u>	<u>\$ (11,679,822)</u>	<u>\$ (501,551)</u>	<u>\$ 921,440</u>	<u>\$ (2,982,819)</u>
	17.952%	18.454%	13.808%	14.650%	13.552%

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)
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	-
1998	14,394,753	1,173,834	729,208	-	30,786	189,270	-

- (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
\$ 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
358,603	94,478	-	114,824	17,085,756

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>	<u>Airplanes (5)</u>
2007	\$ 5,447,028,351	\$ 324,623,641	\$ 6,376,260	\$ 67,804,289	\$ 38,535,558	-	\$ 3,403,890
2006	2,297,694,000	274,370,387	7,604,983	60,500,467	34,972,515	-	2,136,935
2005	2,089,249,600	241,849,727	7,839,828	56,029,585	34,901,761	-	1,248,935
2004	1,937,505,800	238,340,293	8,257,750	60,485,416	34,456,222	-	1,294,555
2003	1,622,055,210	227,399,469	8,164,670	69,101,175	29,936,736	7,529,625	1,499,940
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	-	-
1998	1,266,841,750	69,481,138	5,877,151	20,108,270	23,182,370	-	-

- (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>Boats (6)</u>	<u>Logging Equipment (8)</u>	<u>Public Service (3)</u>	<u>Total Taxable Assessed Value</u>	<u>Estimated Actual Taxable Value (1)</u>
\$	9,652,980	\$ 648,950	\$ 138,595,709	\$ 6,036,669,628	N/A
	8,162,686	611,355	70,611,891	2,756,665,219	N/A
	7,377,229	-	105,125,010	2,543,621,675	N/A
	7,131,398	-	119,547,772	2,407,019,206	N/A
	-	-	101,918,634	2,067,605,459	N/A
	-	-	103,579,420	1,822,328,182	N/A
	-	-	98,777,188	1,763,266,871	N/A
	-	-	99,547,161	1,649,954,814	N/A
	-	-	105,712,452	1,608,633,847	N/A
	-	-	94,111,776	1,479,602,455	N/A

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

Direct Rates										
Fiscal Years	Real Estate	Personal Property (2)	Mobile Homes	Machinery and Tools (2)	Merchants' Capital	Farm Machinery	Airplanes	Boats	Logging Equipment	
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	-	-	-	-	
1998	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 2007		Fiscal Year 1998	
		2007 Assessed Valuation (1)	% of Total Assessed Valuation	1998 Assessed Valuation (1)	% of Total Assessed Valuation
Holtzbrinck Publishers	Book Distributor	\$ 18,755,800	0.82%	\$ 8,148,300	0.66%
Aerojet General Corp	Manufacturing	21,080,100	0.92%	10,573,000	0.85%
Orange Village	Shopping Center	8,470,800	0.37%	4,528,400	0.37%
General Shale	Manufacturing	4,772,000	0.21%	3,322,800	0.27%
American Woodmark	Manufacturing	6,566,000	0.29%	3,600,400	0.29%
PMC Distribution	Manufacturing	5,887,300	0.26%	147,700	0.01%
One American Place	Manufacturing	4,208,100	0.18%	2,883,900	0.23%
Round Hill Company	Hotel	5,548,000	0.24%	486,700	0.04%
Barboursville Corporation	Winery	5,914,100	0.26%	474,800	0.04%
Timber Truss Housing Sys	Manufacturing	3,780,600	0.16%	-	0.00%
		<u>\$ 84,982,800</u>	<u>3.70%</u>	<u>\$ 34,166,000</u>	<u>2.76%</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
2007	\$ 25,148,884	\$ 24,720,477	98.30%	\$ -	\$ 24,720,477	98.30%
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%
1998	14,204,832	13,784,548	97.04%	418,281	14,202,829	99.99%

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			
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
1998	2,050,000	-	-	2,117,073	4,167,073	0.73%	167

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)
2007	\$ 52,921,209	\$ 2,265,476	\$ 50,655,733	0.84%	\$ 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
1998	2,050,000	-	2,050,000	0.14%	82

(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
2007	31,387	\$ 906,205,464	\$ 28,872	35-39.9	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%
1998	25,100	576,220,700	22,957	40-44.9	3,839	2.60%

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

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

Employer	Fiscal Year 2007			Fiscal Year 1998		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Orange County School Board (1)	796	1	8.48%	750	1	10.04%
County of Orange (2), (3)	350	3	3.73%	175	4	2.34%
Von Holtzbrink Publishing (2), (4)	350	4	3.73%	0	11	0.00%
Germanna Community College (2), (3)	362	2	3.86%	350	2	4.69%
American Woodmark Corporation (2)	210	6	2.24%	300	3	4.02%
Orange County Nursing Home (3)	215	5	2.29%	175	5	2.34%
American Press (3)	206	7	2.19%	175	6	2.34%
Food Lion (3)	202	8	2.15%	175	7	2.34%
Battlefield Farms (3)	195	9	2.08%	75	9	1.00%
Ridge Tool Manufacturing (3)	179	10	1.91%	175	8	2.34%
Aerojet General Corporation (3), (4)	150	11	1.60%	35	10	0.47%
AB&C Group (4)	90	12	0.96%	0	12	0.00%
PBM Products (4)	90	13	0.96%	0	13	0.00%
Totals	<u>3,395</u>		<u>36.16%</u>	<u>2,385</u>		<u>31.93%</u>
Total County employment	9,388			7,470		

Source: Virginia Employment Commission, Virginia Electronic Labor Market Access

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

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

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public safety										
Sheriffs department: (1)										
Physical arrests	n/a	n/a	n/a	389	871	917	945	976	331	1,059
Traffic violations	n/a	n/a	n/a	606	1,696	1,636	1,889	1,894	320	1,328
Civil papers	n/a	n/a	n/a	6,794	11,086	11,204	11,977	11,068	3,893	11,361
Fire and rescue:										
Number of calls answered	4,191	4,736	4,767	5,204	5,354	5,477	5,131	5,248	4,174	5,281
Building inspections:										
Permits issued	867	1,024	904	1,029	968	1,088	1,240	1,514	980	1,207
Animal control:										
Number of calls answered (1)	n/a	n/a	n/a	11,479	23,619	22,161	21,508	25,162	8,370	947
Public works										
General maintenance:										
Trucks/vehicles	7	8	9	9	10	12	12	13	15	15
Landfill:										
Refuse collected (tons/day)	n/a	n/a	n/a	n/a	28,980	38,583	44,211	56,600	71,866	76,656
Recycling (tons/day)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	876	881	
Health and welfare										
Department of Social Services:										
Caseload	n/a	n/a	n/a	n/a	n/a	2,077	3,003	2,700	3,084	
Culture and recreation										
Parks and recreation:										
After-school program participants	139	147	145	160	221	226	274	315	360	379
Youth sports participants	505	521	647	684	792	938	915	1,262	866	1,139
Community development										
Planning:										
Zoning permits issued	689	883	681	844	784	831	1,079	1,276	695	764
Component Unit - School Board										
Education:										
School age population	3,839	3,823	3,845	3,955	3,988	4,090	4,298	4,616	n/a	4,900
Number of teachers	306	277	276	279	294	314	316	347	n/a	390
Local expenditures per pupil	2,706	2,866	2,778	2,840	3,033	3,078	3,388	3,006	n/a	3,280

Source: Individual county departments

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

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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, 2007, which collectively comprise the County of Orange, Virginia's basic financial statements and have issued our report thereon dated November 30, 2007. 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 November 30, 2007.

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
November 30, 2007

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, 2007. 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, 2007.

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
November 30, 2007

COUNTY OF ORANGE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

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>934,788</u>
Pass Through Payments:		
Department of Social Services:		
Fraud Free Admin Option	93.000	\$ 15,104
Promoting Safe and Stable Families	93.556	36,270
Temporary Assistance to Needy Families (TANF)	93.558	126,755
Refugee and Entrant Assistance - Discretionary Grants	93.566	202
Low Income Home Energy Assistance	93.568	12,336
Payments to States for Child Care Assistance (Child Care Cluster)	93.575	279,106
Child Care and Development Fund (Child Care Cluster)	93.596	143,985
Child Welfare Services - State Grants	93.645	50
Foster Care - Title IV-E	93.658	204,509
Adoption Assistance	93.659	27,260
Social Services Block Grant	93.667	145,006
Independent Living	93.674	1,093
State Children's Insurance Program	93.767	54
Medical Assistance Program (Title XIX)	93.778	<u>140,750</u>
Total Department of Health & Human Services-pass through		\$ <u>1,132,480</u>
Total Department of Health and Human Services		\$ <u>2,067,268</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution (Nursing Home and Jail)	10.550	\$ 637
Food Distribution (Child Nutrition Cluster)	10.555	94,079
Child and Adult Care Food Program	10.558	13,247
Department of Education:		
National school breakfast program (Child Nutrition Cluster)	10.553	\$ 135,722
National school lunch program (Child Nutrition Cluster)	10.555	486,433
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	\$ <u>212,321</u>
Total Department of Agriculture		\$ <u>942,439</u>
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments in Lieu of Taxes	15.226	\$ <u>1,356</u>

COUNTY OF ORANGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2007

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:		
Equitable Sharing of Federally Forfeited Property	16.000	\$ 12,542
Byrne grant	16.579	<u>48,696</u>
Total Department of Justice		\$ <u>61,238</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	\$ 300
Airport improvement program	20.106	511,567
Montpelier highway grant	20.205	1,114,046
Alcohol open container requirements	20.607	<u>8,048</u>
Total Department of Transportation		\$ <u>1,633,961</u>
Department of Homeland Security		
Pass Through Payments:		
Department of Emergency Services:		
State homeland security program	97.004	\$ 13,787
Emergency management preparedness grant	97.042	7,900
Assistance to firefighters grant	97.044	470,245
Law enforcement terrorism prevention program	97.074	<u>62,320</u>
Total Department of Homeland Security		\$ <u>554,252</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	\$ 176,689
Title I: Educationally deprived children	84.010	647,754
Title VI-B: Handicapped state grants (Special Education Cluster)	84.027	1,064,473
Vocational Education: Basic grants to states	84.048	64,675
Title VI-B: Handicapped preschool incentive grant (Special Education Cluster)	84.173	28,710
Drug free schools and communities	84.186	17,529
Title V, Part A - Innovative Education Program Strategies	84.298	9,067
Literacy Challenge Grant	84.318	20,145
Advanced Placement program	84.330	884
English language acquisition grants	84.365	4,922
Improving Teacher Quality, Title II Part A	84.367	203,633
Hurricane education recovery	84.938	5,940
ROTC	84.000	<u>48,571</u>
Total Department of Education		\$ <u>2,292,992</u>
Total Federal Assistance		\$ <u><u>7,553,506</u></u>

COUNTY OF ORANGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2007

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	\$ 3,097,288
Business-type activities	511,567
Total primary government	<u>\$ 3,608,855</u>
Discretely presented component unit - School Board:	
School operating fund	\$ 2,116,303
Adult education fund	176,689
Cafeteria fund	622,155
Head start fund	934,788
Total discretely presented component unit - School Board	<u>\$ 3,849,935</u>
Non-cash expenditures - value of donated commodities	<u>\$ 94,716</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 7,553,506</u></u>

COUNTY OF ORANGE, VIRGINIA

Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2007

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

Non compliance 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>
20.205	Montpelier highway grant
84.027/84.173	Special education cluster
97.044	Assistance to firefighters 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