

# **COUNTY OF ORANGE, VIRGINIA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
JUNE 30, 2006**

Prepared by

Samuel L. Kessler, Director of Finance

Orange, Virginia



**COUNTY OF ORANGE, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2006**

---

**TABLE OF CONTENTS**

---

**INTRODUCTORY SECTION**

---

	<u>Page</u>
Letter of Transmittal .....	1-6
Organizational Chart .....	7
List of Elected and Appointed Officials .....	8

---

**FINANCIAL SECTION**

---

Independent Auditors' Report .....	9-10
Management's Discussion and Analysis .....	11-16

	<u>Exhibit</u>	<u>Page</u>
<b>Basic Financial Statements:</b>		
Government-wide Financial Statements:		
Statement of Net Assets .....	1	21
Statement of Activities.....	2	22-23
Fund Financial Statements:		
Balance Sheet—Governmental Funds .....	3	26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	4	29
Statement of Revenues, Expenditures and Change in Fund Balances— Governmental Funds.....	5	30-31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	32
Statement of Net Assets—Proprietary Funds .....	7	33
Statement of Revenues, Expenses, and Changes in Fund Net Assets— Proprietary Funds .....	8	34
Notes to Financial Statements .....		35-64

**Required Supplementary Information:**

Combining and Individual Fund Statements and Schedules:		
Schedule of Revenues, Expenditures and Change in Fund Balances— Budget and Actual:		
General Fund .....	9	66
Virginia Public Assistance Fund .....	10	67
Schedule of Pension Funding Progress .....	11	68

**COUNTY OF ORANGE, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2006 (CONTINUED)**

**TABLE OF CONTENTS (CONTINUED)**

**FINANCIAL SECTION (Continued)**

	<u>Exhibit</u>	<u>Page</u>
<b>Other Supplementary Information:</b>		
Combining and Individual Fund Statements and Schedules:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances—		
Budget and Actual:		
Debt Service Fund.....	12	72
County Capital Improvements Fund.....	13	73
School Capital Projects Fund.....	14	74
Combining Balance Sheet—Nonmajor Special Revenue Funds.....	15	75
Combining Statement of Revenues, Expenditures, and Changes in Fund		
Balances—Nonmajor Special Revenue Funds.....	16	76
Combining Statement of Revenues, Expenditures, and Change in Fund		
Balances—Budget and Actual—Nonmajor Special Revenue Funds.....	17	77-78
Combining Statement of Fiduciary Net Assets—Fiduciary Funds.....	18	79
Combining Statement of Changes in Assets and Liabilities—Agency Funds....	19	80
Discretely Presented Component Unit—School Board:		
Combining Balance Sheet.....	20	83
Combining Statement of revenues, Expenditures, and Change in Fund		
Balances—Governmental Funds.....	21	84
Combining Statement of Revenues, Expenditures, and changes in Fund		
Balances—budget and Actual.....	22	85-86
Nonmajor Special Revenue Funds:		
Combining Balance Sheet.....	23	87
Combining Statement of Revenues, Expenditures, and Changes in		
Fund Balances.....	24	88
Combining Statement of Revenues, Expenditures, and Changes in		
Fund Balances—Budget and Actual.....	25	89-90
Discretely Presented Component Unit—Industrial Development Authority:		
Balance Sheet.....	26	91
Statement of Revenues, Expenditures, and Change in Fund Balances.....	27	92
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues—Budget and Actual—Governmental Funds.....	1	95-101
Schedule of Expenditures—Budget and Actual—Government Funds...	2	102-107

**COUNTY OF ORANGE, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2006 (CONTINUED)**

---

**TABLE OF CONTENTS (CONTINUED)**

---

**STATISTICAL SECTION**

---

	<u>Table</u>	<u>Page</u>
Net Assets by Component .....	1	109
Changes in Net Assets .....	2	110
Governmental Activities Tax Revenues by Source .....	3	111-112
Fund Balances of Governmental Funds .....	4	113-114
Changes in Fund Balances of Governmental Funds .....	5	115-116
General Governmental Tax Revenues by Sources .....	6	117-118
Assessed Value and Estimated Actual Value of Taxable Property.....	7	119-120
Property Tax Rates .....	8	121-122
Principal Property Taxpayers .....	9	123
Property Tax Levies and Collections .....	10	124
Ratios of Outstanding Debt by Type .....	11	125
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita .....	12	126
Demographic and Economic Statistics .....	13	127
Principal Employers .....	14	128
Operating indicators by Function .....	15	129-130

---

**COMPLIANCE SECTION**

---

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.....	132
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133	134-135
Schedule of Expenditures of Federal Awards.....	136-138
Schedule of Findings and Questioned Costs.....	139



# **INTRODUCTORY SECTION**



**ORANGE COUNTY, VIRGINIA  
OFFICE OF THE COUNTY ADMINISTRATOR**

WILLIAM C. ROLFE  
COUNTY ADMINISTRATOR  
PHONE: (540) 672-3313  
FAX: (540) 672-1679  
brolfe@orangecova.com



R. LINDSAY GORDON III BUILDING  
112 WEST MAIN STREET  
P O Box 111  
ORANGE, VIRGINIA 22960

December 21, 2006

**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, 2006 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, account groups, 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, and a list of the County of Orange's principal elected and appointed officials. The financial section includes the Independent Auditors' Report, Management's Discussion and Analysis, the basic financial statements, required supplementary information, and supporting schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

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

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

Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows

from those of the primary government. The discretely presented component units included in this report are the Orange County School Board and the Orange County Industrial Development Authority (now the 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 29,300. 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.

### **Major Initiatives**

Fiscal Year 2006 was eventful as the County took a number of actions to meet the challenges of managing the pressures of growth and development, providing essential services to meet current and future needs, and developing and realigning the County staff to efficiently provide the best possible services.

The County accomplished one of its major objectives with completion of a revision to the Comprehensive Plan, providing realistic guidelines to achieve the desired Orange County of the future. Related to that effort was the completion of a Route 20 corridor study, addressing the major transportation issue facing the County, and completion of the initial phase of a study to develop a plan to meet the long-term County water supply requirements. The County also took a significant step toward closer cooperation with its towns by developing and securing approval of a Joint Proffer Policy with the Town of Orange. A policy with the Town of Gordonsville is under development.

Providing quality education for the children of the County is a top priority of the Board. Under the direction of a new Superintendent, the school system completed several initiatives including: a mid-year decision to substantially increase salaries to enable the County to recruit and retain more quality teachers; action to align the standard course of study with the State Standards of Learning; creation of County-wide assessments for grades 3 through 12 for Standards of Learning courses; changing the annual budget process to create standardized staffing formulas based on the State Standards of Quality; and redefining summer school by targeting specific classes to locations in order to provide enhanced offerings for all students.

The County significantly expanded its capability to provide emergency medical services with paid staff and took steps to improve the existing volunteer effort by establishing a new relationship defined in a revised memorandum of understanding between the County and the Orange Volunteer Rescue Squad. To help pay for this expanded service, the Board of Supervisors approved a revenue recovery program that bills insurance companies for ambulance transport provided by County paid and volunteer emergency medical services staff.

Orange County continued to have success both in attracting new business and in expanding existing business. New industries locating in Orange County will result in over 300 new jobs and \$20 million investment. Some of the new additions include Diversified Information Technologies, American Biodiesel, CDOC, and Greenberry's Coffee. Existing business also fared well in the county with expansions announced by Zamma, Von Holtzbrinck Publishing Services, and others.

The County renewed its local industry visitation program and began a new Orange County Career Awareness Program resulting in eight local industries hosting over 100 guests which included teachers, guidance counselors, Headstart counselors, principals and school board staff.

The County's Industrial Development Authority was renamed the Economic Development Authority and spend much time acting on items to locate new industry, analyzing the covenants of the Thomas E. Lee Industrial Park, and strategizing a plan for the remaining County owned land available to market to industry. Notably, policy was changed in the last year to sell land in the park to incoming industry as opposed to the land being gifted as an incentive for location.

Orange continued to participate in its cooperative initiative with Louisa County and Fluvanna County to create the Piedmont Crossroads Regional Visitors Center at Zion's Crossroads with an anticipated opening date of March 2007.

The County implemented the first phase of its wireless project, enhancing government operations by connecting most County offices and many volunteer fire and rescue organizations through high speed wireless technology. The remainder of the offices and organizations should be completed in fiscal year 2007, and Phase II, a plan to extend service to citizens and businesses through a public/private partnership will begin.

In a related area, the County began work to implement "e-government" type services in the County to allow citizens to conduct business with the Treasurer's Office on-line. Continued progress was made in expanding the records available electronically from the Clerk of the Circuit Court. Work was begun on a major revision to the County's web site and completion of that work and further expansion of e-government services is planned for fiscal year 2007.

Fiscal year 2006 witnessed initiation and completion of a long-planned \$2.1 million renovation of the airport runway. This project is a key element of a long-term plan for airport development that will enhance its utility to the citizens of Orange County and its potential to stimulate desired economic development.

Finally, as part of an ongoing program to improve the quality and accountability of staff, the County implemented a new performance evaluation system in fiscal year 2006 along with a pay for performance (merit pay) system.

### **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 the protection of 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, 2006 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 is included in the Financial Section of this report. The auditors' report related specifically to the single audit is included in the Compliance Section.

**Awards**

This is the first year the County of Orange has submitted its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada (GFOA) for consideration of award of a Certificate of Achievement for Excellence in Financial Reporting.

**Acknowledgments**

The preparation of this report is largely the work of Samuel C. Kessler, the former Director of Finance for the County of Orange. I want to thank Mr. Kessler for his service to the County and work on this report in particular. I also want to thank Connie Clark and Cynthia Harbin who not only contributed to this report, but provided vital continuity after Sam's departure. 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.

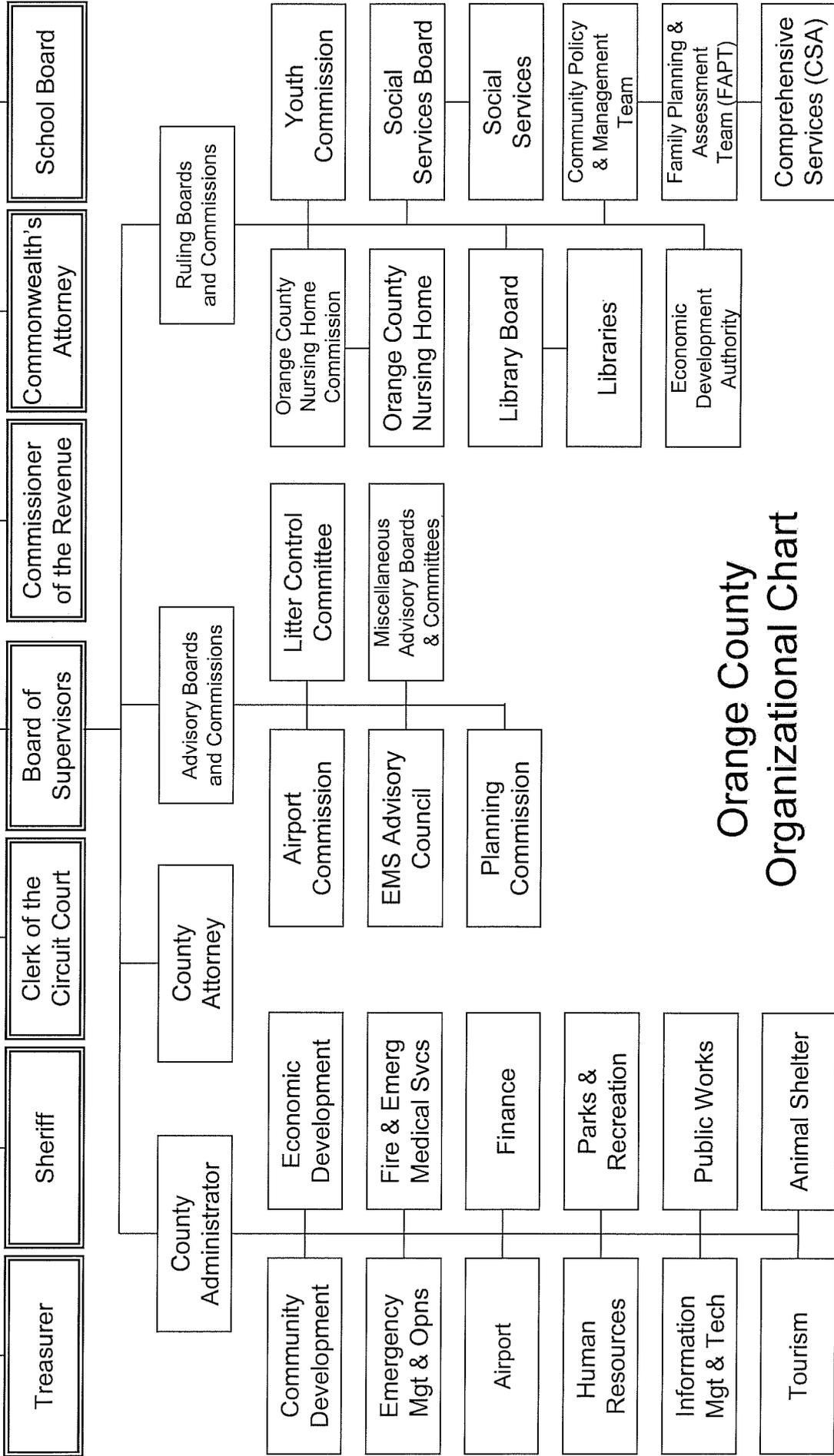
Sincerely,



William C. Rolfe  
County Administrator



VOTERS



# Orange County Organizational Chart

## 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

Chris Haney

Delores Darnell

---

### SOCIAL SERVICES BOARD

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

John Anderton

Pat Nabors

Lynn Huntsman

---

### OTHER OFFICIALS

Judge of the Circuit Court .....	Daniel R. Bouton
Clerk of the Circuit Court.....	Linda S. Timmons
Judge of the General District Court.....	Roger L. Morton and W. A. Talley, Jr.
Judge of the Juvenile & Domestic Relations Court.....	Frank Somerville and Dwight Johnson
County Attorney .....	Todd G. Patrick
Commonwealth's Attorney .....	Diana Wheeler
Commissioner of the Revenue.....	Donna H. Chewning
Treasurer .....	Phyllis M. Yancey
Sheriff .....	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

---

# **FINANCIAL STATEMENTS**



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## 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 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, 2006, 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 Audit 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, Virginia, as of June 30, 2006, 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 September 15, 2006 on our consideration of the County of Orange, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

*Robinson, Farmer, Co. Associates*

Charlottesville, Virginia  
September 15, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

As management of the County of Orange, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2006.

### **Financial Highlights**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$34,162,794 (net assets). Of this amount, \$24,799,517 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year; the County's funds reported combined ending fund balances of \$29,134,243, an increase of \$921,440 in comparison with the prior year. Approximately 30 percent of this total amount, \$8,706,975, is available for spending at Orange's discretion (unreserved fund balance). In accordance with its new fund balance policy adopted on June 13, 2006, the Board of Supervisors has determined it will reserve 15% of the most recent approved adopted budget for fiscal stability. That amount is currently \$10,299,878. Further, the Board of Supervisors has committed \$3,029,929 of the General Fund balance for use in the FY 07 budget and expects to "carry forward" approximately \$2,000,000 into FY 07 for the continuation of General Fund projects approved in the FY 06 budget but not completed. This leaves a balance unplanned for use of \$3,677,046.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$8,706,975 or 16 percent of the total general fund expenditures.

### **Overview of the Financial Statements**

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

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements.

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

Local government accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with both justifications from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

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

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxed and earned but unused vacation leave). The statement focuses on the gross and net cost of various government functions supported by general tax and other revenue. The statement presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services rather than as an end in themselves.

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

The Government-wide financial statements include not only the County of Orange, Virginia itself (known as the primary government), but also the Orange County School Board and the Industrial Development Authority for which the County of Orange, Virginia is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

**Fund financial statements** – The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Orange, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of financial resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements. Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government - wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains three types of governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Special Revenue Fund, and the Capital Projects Funds. The General Fund, Virginia Public Assistance Fund, County Capital Improvements Fund, and School Capital Projects Fund are considered to be major funds.

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

**Notes to the financial statements** - The notes provide additional information that is needed to fully understand the data provided in the government - wide and fund financial statements.

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

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of Orange County, assets exceeded liabilities by \$34,162,794 at the close of the most recent fiscal year.

A portion of the County's net assets (27 percent) reflects its investment in capital assets ( i.e., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### **County of Orange, Virginia Net Assets**

	2005	2006
Current and other assets	\$ 30,274,550	\$ 32,046,709
Capital assets	62,859,977	64,409,800
Total	\$ 93,134,527	\$ 96,456,509
Long-term liabilities outstanding	\$ 61,942,136	\$ 58,982,270
Current liabilities	1,901,985	3,311,445
Total	\$ 63,844,121	\$ 62,293,715
Net assets		
Invested in capital assets, net of related debt	\$ 7,389,293	\$ 9,363,277
Unrestricted	21,901,113	24,799,517
Total net assets	\$ 29,290,406	\$ 34,162,794

At the end of the current fiscal year, the County is able to report positive balances in both categories of net assets.

During the current fiscal year, the County's net assets increased by \$4,872,388.

**Governmental Activities** - Governmental activities increased the County's net assets by \$4,872,388. Key elements of this increase are as follows:

**County of Orange, Virginia Change in net Assets  
For the Year Ended June 30, 2006**

	2005	2006
Revenues:		
Program revenues:		
Charges for services	\$ 2,287,557	\$ 2,627,769
Operating grants and contributions	4,775,102	5,132,282
Capital grants and contributions	1,418,746	1,709,449
General revenues:		
General property taxes	21,598,071	23,299,421
Other local taxes	5,466,057	6,280,508
Unrestricted, Grants, Contributions, misc.	3,841,302	6,007,599
Total Revenues	\$ 39,386,835	\$ 45,057,028
Expenses:		
General government	\$ 2,341,890	\$ 2,763,001
Judicial administration	1,101,740	1,181,123
Public safety	5,393,425	6,247,025
Public works	1,880,492	1,539,839
Health and welfare	3,516,557	3,518,227
Education	11,331,591	18,215,899
Parks, recreation, and cultural	1,968,330	2,189,340
Community development	665,415	1,720,063
Interest	2,635,335	2,810,123
Total Expenses	\$ 30,834,775	\$ 40,184,640
Increase (decrease) in net assets	\$ 8,552,060	\$ 4,872,388
Net asset - beginning - *as adjusted	20,738,346	* 29,290,406
Net assets, ending	\$ 29,290,406	\$ 34,162,794

\*Adjustment due to a prior period reporting error.

**Financial Analysis of the County's Funds**

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$29,134,243, an increase of \$921,440 in comparison with the prior year. Approximately 30 percent of this total amount, \$8,706,975, constitutes unreserved fund balance which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for other uses, principally:

- Debt service
- Landfill closure and post closure costs
- Current and future capital improvement projects
- Reserve for fiscal stability

The general fund is the operating fund of the County. As of June 30, 2006, unreserved fund balance of the general fund was \$8,706,975, while the total fund balance was \$19,063,243. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16.1 percent of total fund expenditures, while total fund balance represents 35.2 percent of that same amount.

The general fund balance decreased by \$2,188,138 during the current fiscal year.

The capital improvements funds and the debt service fund have total fund balances of \$8,822,935 all of which is reserved for future capital projects and debt service.

### **General Fund Budgetary Highlights**

The increase between the original budget and the final amended budget was \$5,552,130.

Several reasons for this increase include the following:

A \$1,658,033 increase in public safety resulting from recognition of the need for additional services and programs implemented with the receipt of State and Federal grants and implementation of an EMS revenue recovery program.

A \$530,015 increase in Education resulting from increases in enrollment and a decision to implement a general raise in teacher salaries implemented late in the year.

A \$1,511,980 increase in capital projects associated principally from rescheduling of a major airport project funded 98% with State and Federal grants and the completion of projects carried over from the previous year.

## **Capital Asset and Debt Administration**

**Capital assets** - The County's investment in capital assets for its governmental funds as of June 30, 2006 totals \$64,409,800 (net of accumulated depreciation). This investment in capital assets included land, buildings, improvements, machinery, equipment, and construction in progress.

### **County of Orange, Virginia Capital Assets**

	<u>2005</u>	<u>2006</u>
Land	\$ 1,768,713	\$ 1,818,257
Buildings and Improvements	26,391,600	60,998,862
Construction in progress	36,481,810	3,996,220
Equipment	4,872,002	5,414,629
Total	<u>\$ 69,514,125</u>	<u>\$ 72,227,968</u>
Less: accumulated depreciation	<u>(6,654,148)</u>	<u>(7,818,168)</u>
Net capital assets	<u>\$ 62,859,977</u>	<u>\$ 64,409,800</u>

Additional information on the County's capital assets can be found in Note 12.

**Long-term debt** - At the end of the current fiscal year, the County had the following outstanding debt:

### **County of Orange, Virginia's Long Term Debt**

	<u>2005</u>	<u>2006</u>
General obligation bonds	\$ 32,543,400	\$ 45,569,781
Lease Revenue notes payable	24,900,000	9,900,000
Capital Leases	1,640,802	1,281,452
Landfill closure/post-closure liability	2,314,971	1,593,009
Compensated absences	542,963	638,028
Total	<u>\$ 61,942,136</u>	<u>\$ 58,982,270</u>

Additional information on the County's long-term debt can be found in Note 7.

## **Economic Factors and Next Year's Budgets and Rates**

The local unemployment rate for June 2006 was 2.9 percent, which is lower than the prior year rate of 3.0 percent. This compared favorably to the state unemployment rate of 3.3 percent and the national unemployment rate of 4.8 percent for the same period.

For the 2006-2007 Fiscal Year, the Board of Supervisors has approved a General Fund Operating Budget of \$42,674,741. The plan resulted in an increase to the current tax rate from \$.84 to \$.87 per \$100 of assessed value.

## **Request for Information**

This financial report is designed to provide readers with a general overview of the County of Orange's finances. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 112 West Main St. Orange, Virginia 22960.

## **BASIC FINANCIAL STATEMENTS**



# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



County of Orange, Virginia  
Statement of Net Assets  
June 30, 2006

Exhibit 1

	<u>Primary Government Governmental Activities</u>	<u>Component Unit School Board</u>	<u>Component Unit IDA</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,714,209	\$ 3,070,765	\$ 369,454
Investments	9,671,684	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,176,734	-	-
Accounts receivable	677,197	8,228	-
Due from component unit	711,121	-	-
Due from other governmental units	1,056,416	971,409	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	3,039,348	-	-
Capital assets (net of accumulated depreciation):			
Land	1,818,257	737,700	-
Buildings and system	57,335,517	13,644,794	-
Improvements other than buildings	-	565,038	-
Machinery and equipment	1,259,806	2,634,191	-
Construction in progress	3,996,220	-	-
Total assets	<u>\$ 96,456,509</u>	<u>\$ 21,632,125</u>	<u>\$ 369,454</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,585,214	\$ 375,777	\$ -
Accrued liabilities	-	2,950,553	-
Retainage Payable	188,904	-	-
Accrued interest payable	1,353,125	-	-
Due to primary government	-	703,679	7,442
Unearned revenue	169,947	-	-
Deposits held in escrow	14,255	-	-
Long-term liabilities:			
Due within one year	2,865,428	-	-
Due in more than one year	56,116,842	552,778	-
Total liabilities	<u>\$ 62,293,715</u>	<u>\$ 4,582,787</u>	<u>\$ 7,442</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 9,363,277	\$ 17,581,723	\$ -
Unrestricted (deficit)	24,799,517	(532,385)	362,012
Total net assets	<u>\$ 34,162,794</u>	<u>\$ 17,049,338</u>	<u>\$ 362,012</u>

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

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government	Component Unit	Component Unit
Governmental Activities	School Board	IDA
\$ (2,461,317) \$	- \$	-
(533,712)	-	-
(3,532,632)	-	-
(978,584)	-	-
(1,372,273)	-	-
(17,924,361)	-	-
(1,044,484)	-	-
(57,654)	-	-
(2,810,123)	-	-
\$ (30,715,140) \$	-	-
\$ - \$	(16,307,898) \$	-
-	-	(45,769)
\$ - \$	(16,307,898) \$	(45,769)
\$ 23,299,421 \$	- \$	-
2,073,563	-	-
1,003,459	-	-
122,586	-	-
61,553	-	-
355,080	-	-
313,258	-	-
648,453	-	-
1,180,858	-	-
429,096	-	-
92,602	-	-
1,285,767	9,577	-
1,508,103	48,390	11,983
3,213,729	18,134,507	-
-	(66,512)	-
\$ 35,587,528 \$	\$ 18,125,962	\$ 11,983
\$ 4,872,388 \$	\$ 1,818,064	\$ (33,786)
29,290,406	15,231,274	395,798
\$ 34,162,794 \$	\$ 17,049,338	\$ 362,012

**THIS PAGE LEFT BLANK INTENTIONALLY**

## **FUND FINANCIAL STATEMENTS**

County of Orange, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2006

	General	Virginia Public Assistance	Debt Service	County Capital Improvements
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,118,131	\$ 35,147	\$ 3,427,367	\$ 2,997,171
Investments	9,671,684	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,176,734	-	-	-
Accounts receivable	492,808	-	-	-
Due from other funds	137,476	-	-	-
Due from component unit	711,121	-	-	-
Due from other governmental units	954,087	102,329	-	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	-	-	984,968
Total assets	<u>\$ 21,262,041</u>	<u>\$ 137,476</u>	<u>\$ 3,427,367</u>	<u>\$ 3,982,139</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 910,090	\$ -	\$ -	\$ 192,631
Retainage payable	150,360	-	-	-
Due to other funds	-	137,476	-	-
Deferred revenue	1,124,093	-	-	-
Deposits held in escrow	14,255	-	-	-
Total liabilities	<u>\$ 2,198,798</u>	<u>\$ 137,476</u>	<u>\$ -</u>	<u>\$ 192,631</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ 3,427,367	\$ -
Financial stability - future growth	10,299,878	-	-	-
Unreserved, reported in:				
General fund	8,706,975	-	-	-
Special revenue funds	-	-	-	-
Designated	56,390	-	-	3,789,508
Total fund balances	<u>\$ 19,063,243</u>	<u>\$ -</u>	<u>\$ 3,427,367</u>	<u>\$ 3,789,508</u>
Total liabilities and fund balances	<u>\$ 21,262,041</u>	<u>\$ 137,476</u>	<u>\$ 3,427,367</u>	<u>\$ 3,982,139</u>

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

Exhibit 3

School Capital Projects	Other Governmental Funds	Total
\$ -	\$ 1,136,393	\$ 15,714,209
-	-	9,671,684
-	-	1,176,734
-	184,389	677,197
-	-	137,476
-	-	711,121
-	-	1,056,416
2,054,380	-	3,039,348
<u>\$ 2,054,380</u>	<u>\$ 1,320,782</u>	<u>\$ 32,184,185</u>
\$ 409,776	\$ 72,717	\$ 1,585,214
38,544	-	188,904
-	-	137,476
-	-	1,124,093
-	-	14,255
<u>\$ 448,320</u>	<u>\$ 72,717</u>	<u>\$ 3,049,942</u>
\$ -	\$ -	\$ 3,427,367
-	-	10,299,878
-	-	8,706,975
-	915,799	915,799
1,606,060	332,266	5,784,224
<u>\$ 1,606,060</u>	<u>\$ 1,248,065</u>	<u>\$ 29,134,243</u>
<u>\$ 2,054,380</u>	<u>\$ 1,320,782</u>	<u>\$ 32,184,185</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

County of Orange, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets  
June 30, 2006

---

Exhibit 4

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 29,134,243
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	64,409,800
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	954,146
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(60,335,395)
Net assets of governmental activities	<u>\$ 34,162,794</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, 2006**

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	School Capital Projects
<b>REVENUES</b>					
General property taxes	\$ 23,602,447	\$ -	\$ -	\$ -	\$ -
Other local taxes	6,280,508	-	-	-	-
Permits, privilege fees, and regulatory licenses	623,031	-	-	-	-
Fines and forfeitures	1,422	-	-	-	-
Revenue from the use of money and property	870,364	-	-	15,215	400,188
Charges for services	1,500,670	-	-	-	-
Miscellaneous	558,664	-	-	949,439	-
Recovered costs	286,981	-	-	-	-
Intergovernmental revenues:					
Local government	36,269	-	-	-	-
Commonwealth	6,435,232	472,826	-	50,000	-
Federal	1,722,521	1,330,003	-	-	-
Total revenues	<u>\$ 41,918,109</u>	<u>\$ 1,802,829</u>	<u>\$ -</u>	<u>\$ 1,014,654</u>	<u>\$ 400,188</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 2,268,798	\$ -	\$ -	\$ -	\$ -
Judicial administration	1,174,246	-	-	-	-
Public safety	6,294,257	-	-	-	-
Public works	628,063	-	-	-	-
Health and welfare	1,284,220	2,208,278	-	-	-
Education	15,352,687	-	-	-	-
Parks, recreation, and cultural	2,145,518	-	-	-	-
Community development	1,362,168	-	-	-	-
Nondepartmental	75,188	-	-	-	-
Capital projects	2,737,451	-	-	396,823	2,398,643
Debt service:					
Principal retirement	3,320,548	-	-	-	-
Interest and other fiscal charges	2,554,408	-	-	-	-
Total expenditures	<u>\$ 39,197,552</u>	<u>\$ 2,208,278</u>	<u>\$ -</u>	<u>\$ 396,823</u>	<u>\$ 2,398,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,720,557</u>	<u>\$ (405,449)</u>	<u>\$ -</u>	<u>\$ 617,831</u>	<u>\$ (1,998,455)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 97,276	\$ 405,449	\$ 1,012,000	\$ 2,727,169	\$ -
Transfers out	(5,993,550)	-	-	(97,276)	-
Issuance of Indebtedness	15,214,434	-	-	-	-
Refunding of bonds	(15,000,000)	-	-	-	-
Premium on debt issued	773,145	-	-	-	-
Total other financing sources (uses)	<u>\$ (4,908,695)</u>	<u>\$ 405,449</u>	<u>\$ 1,012,000</u>	<u>\$ 2,629,893</u>	<u>\$ -</u>
Net change in fund balances	\$ (2,188,138)	\$ -	\$ 1,012,000	\$ 3,247,724	\$ (1,998,455)
Fund balances - beginning, as adjusted	21,251,381	-	2,415,367	541,784	3,604,515
Fund balances - ending	<u>\$ 19,063,243</u>	<u>\$ -</u>	<u>\$ 3,427,367</u>	<u>\$ 3,789,508</u>	<u>\$ 1,606,060</u>

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

Exhibit 5

	Other Governmental Funds	Total
\$	-	\$ 23,602,447
	-	6,280,508
	-	623,031
	-	1,422
	-	1,285,767
	502,646	2,003,316
	-	1,508,103
	-	286,981
	-	36,269
	8,609	6,966,667
	-	3,052,524
\$	<u>511,255</u>	<u>\$ 45,647,035</u>

\$	-	\$ 2,268,798
	-	1,174,246
	-	6,294,257
	1,433,605	2,061,668
	-	3,492,498
	-	15,352,687
	-	2,145,518
	-	1,362,168
	-	75,188
	78,273	5,611,190
	-	3,320,548
	-	2,554,408
\$	<u>1,511,878</u>	<u>\$ 45,713,174</u>

\$ (1,000,623) \$ (66,139)

\$	1,848,932	\$ 6,090,826
	-	(6,090,826)
	-	15,214,434
	-	(15,000,000)
	-	773,145
\$	<u>1,848,932</u>	<u>\$ 987,579</u>

\$	848,309	\$ 921,440
	399,756	28,212,803
\$	<u>1,248,065</u>	<u>\$ 29,134,243</u>

**County of Orange, Virginia**  
**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, 2006**

---

**Exhibit 6**

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

Net change in fund balances - total governmental funds	\$ 921,440
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.	1,549,823
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(303,026)
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.	3,054,931
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.	(350,780)
Change in net assets of governmental activities	\$ <u><u>4,872,388</u></u>

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

County of Orange, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2006

Exhibit 7

	<u>Talley Memorial Private-Purpose Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,344	\$ 44,211
Total assets	<u>\$ 15,344</u>	<u>\$ 44,211</u>
<b>LIABILITIES</b>		
Due to other governmental units	\$ 341	\$ -
Amounts held for social services clients	-	37,344
Amounts held for Rapidan Hills Limited Partnership	-	6,867
Total liabilities	<u>\$ 341</u>	<u>\$ 44,211</u>
<b>NET ASSETS</b>		
Restricted - Held in trust for library needs	<u>\$ 15,003</u>	<u>\$ -</u>

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

County of Orange, Virginia  
 Statement of Changes in Fiduciary Net Assets  
 Fiduciary Funds  
 For the Year Ended June 30, 2006

Exhibit 8

	<u>Talley Memorial Private-Purpose Trust</u>
<b>ADDITIONS</b>	
Investment earnings:	
Interest	\$ 344
Total additions	<u>\$ 344</u>
<b>DEDUCTIONS</b>	
Contribution to Locust Grove Elementary Library	\$ 341
Total deductions	<u>\$ 341</u>
Change in net assets	3
Net assets - beginning	\$ 15,000
Net assets - ending	<u><u>\$ 15,003</u></u>

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

Notes to Financial Statements  
As of June 30, 2006

---

**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, 2006.

**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 Industrial 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 Orange County Industrial 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.

Notes to Financial Statements  
As of June 30, 2006 (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 segment 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.

Notes to Financial Statements  
As of June 30, 2006 (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 government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the courthouse loggia fund, various contribution funds, and sheriff's funds.

The *special revenue fund* accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds consist of the Virginia Public Assistance Fund.

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. Debt service funds consist of the Locality Debt Service Fund.

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. Capital project funds consist of the County Capital Improvements Fund and the School Capital Projects Fund.

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 Landfill Fund and Revenue Maximization 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 and Rapidan Hills Limited Partnership 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.

Notes to Financial Statements  
As of June 30, 2006 (Continued)

---

**Note 1—Summary of Significant Accounting Policies: (continued)**

---

**C. Measurement focus, basis of accounting, and financial statement presentation (continued)**

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

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

**D. Assets, liabilities, and net assets or equity**

**1. Deposits and investments**

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

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

**2. Receivables and payables**

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

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 5<sup>th</sup> and December 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. The County bills and collects its own property taxes.

Notes to Financial Statements  
As of June 30, 2006 (Continued)

---

**Note 1—Summary of Significant Accounting Policies: (continued)**

---

**D. Assets, liabilities, and net assets or equity (continued)**

**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 \$251,930 at June 30, 2006 and is composed solely of property taxes. This allowance represents 0.22% of the total levies for the previous six years.

**6. Use of Estimates**

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

**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, is 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

Notes to Financial Statements  
As of June 30, 2006 (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. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences.

**10. *Long-term obligations***

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

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

**11. *Fund equity***

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

**12. *Net Assets***

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

Notes to Financial Statements  
As of June 30, 2006 (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 statements 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 \$60,335,395 and \$552,778 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Bonds payable	\$ 55,469,781	\$ -
Accrued interest payable	1,353,125	-
Capital leases payable	1,281,452	-
Landfill accrued closure and post-closure monitoring costs	1,593,009	-
Compensated absences	<u>638,028</u>	<u>552,778</u>
Net adjustment to reduce <i>fund balance—total governmental funds</i> to arrive at <i>net assets—governmental activities</i>	<u>\$ 60,335,395</u>	<u>\$ 552,778</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 \$1,549,823 and \$2,199,563 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	\$ 5,228,419	\$ 1,390,162
Depreciation expense	(1,317,982)	(1,484,701)
Loss on disposal of capital assets	-	(66,512)
Allocation of debt financed school assets based on current year repayments and drawdowns of bond proceeds	<u>(2,360,614)</u>	<u>2,360,614</u>
Net adjustment to increase (decrease) <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,549,823</u>	<u>\$ 2,199,563</u>

Notes to Financial Statements  
As of June 30, 2006

**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 \$3,054,931 difference in the primary government are as follows:

	<u>Primary Government</u>
Debt issued or incurred:	
Issuance of general obligation bonds	\$ (15,214,434)
Premium on issuance of general obligation bonds	(773,145)
Decrease in accrued landfill closure and post-closure monitoring costs	721,962
Principal repayments:	
General obligation debt	17,961,198
Capital lease	<u>359,350</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 3,054,931</u>

**C. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)**

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of these (\$350,780) and \$280 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Compensated absences	\$ (95,065)	\$ 280
Accrued interest	<u>(255,715)</u>	<u>-</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (350,780)</u>	<u>\$ 280</u>

**Note 3—Stewardship, Compliance, and Accountability**

---

**A. Budgetary information**

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following Funds have legally adopted budgets: General Fund, Virginia Public Assistance Fund, Landfill, School Operating Fund, School Cafeteria Fund, School Capital Improvement Fund, Head Start Fund, Debt Service Fund, and County Capital Improvement 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 or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
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.

Notes to Financial Statements  
As of June 30, 2006

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

**B. Excess of expenditures over appropriations**

For the year ended June 30, 2006, the following funds had expenditures which exceeded appropriations:

<u>Fund</u>	<u>Function</u>	<u>Department</u>	Excess of Expenditures over Appropriations
General	Miscellaneous	Nondepartmental	\$ 11,735
School Operating	Education	Office of Principal	\$ 69,119
School Operating	Education	Public transportation	155,753
School Operating	Education	School Music	1,433
School Operating	Education	Operations and Maintenance of School Plant	31,339
Total School Operating Fund			\$ 257,644
Adult Education	Education	Instruction	7,852
Cafeteria	Education	School food program	122,997
Total All Funds			\$ 400,228

**C. Deficit fund equity**

At June 30, 2006, there were no funds with deficit fund equity.

This space left blank intentionally

COUNTY OF ORANGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006

**Note 4—Due From Other Governmental Units:**

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

	Primary Government	Component Units
Local Governments:		
Talley Memorial Fund	\$ 341	-
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 725,358
Local sales taxes	424,759	-
Public assistance and welfare administration	15,116	-
Comprehensive youth service	183,309	-
Rolling stock taxes	39,826	-
Car rental tax	657	-
Sheriff	97,530	-
Commonwealth's Attorney	16,746	-
Clerk of Circuit Court	35,336	-
Treasurer	9,564	-
Commissioner of Revenue	8,619	-
Mobile Home titling tax	27,333	-
Federal Government:		
School funds	-	246,051
Aviation Grant	110,067	-
Public assistance	87,213	-
Total	<u>\$ 1,056,416</u>	<u>\$ 971,409</u>

**Note 5—Interfund Obligations:**

Fund	Due from Component Unit	Due to Primary Government	Interfund Receivable	Interfund Payable
General	\$ 711,121	\$ -	\$ 137,476	\$ -
School	-	703,679	76,184	-
Industrial Development Authority	-	7,442	-	-
Head Start	-	-	-	76,184
Virginia Public Assistance Fund	-	-	-	137,476
Total	<u>\$ 711,121</u>	<u>\$ 711,121</u>	<u>\$ 213,660</u>	<u>\$ 213,660</u>

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

Notes to Financial Statements  
As of June 30, 2006

---

**Note 6—Interfund Transfers:**

---

Interfund transfers for the year ended June 30, 2006, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 97,276	\$ 5,993,550
Virginia Public Assistance Fund	405,449	-
Landfill Fund	1,848,932	-
Debt Service Fund	1,012,000	-
County Capital Projects Fund	2,727,169	97,276
Total	<u>\$ 6,090,826</u>	<u>\$ 6,090,826</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.

This space left blank intentionally.

Notes to Financial Statements  
As of June 30, 2006

---

Note 7—Long-Term Debt:

---

Primary Government-Governmental Activity Indebtedness:

Year Ending June 30,	General Obligation Bonds		Lease Revenue Note Payable	
	Principal	Interest	Principal	Interest
2007	\$ 2,481,819	\$ 2,336,315	\$ -	\$ 487,180
2008	2,570,399	2,080,706	-	487,180
2009	2,639,652	1,944,659	200,000	487,180
2010	2,649,117	1,805,491	210,000	479,980
2011	2,678,601	1,666,211	215,000	472,000
2012	2,578,106	1,530,841	225,000	463,400
2013	2,625,897	1,404,762	235,000	454,400
2014	2,599,383	1,283,304	245,000	444,706
2015	2,448,560	1,161,538	255,000	431,538
2016	2,533,020	1,037,715	270,000	417,831
2017	2,607,905	909,995	285,000	403,319
2018	2,708,124	777,976	300,000	388,000
2019	2,684,113	643,244	315,000	373,000
2020	2,790,247	505,619	330,000	357,250
2021	2,901,704	362,721	350,000	340,750
2022	2,833,498	218,864	365,000	323,250
2023	895,648	126,042	385,000	305,000
2024	776,278	87,380	400,000	285,750
2025	781,252	52,407	420,000	265,750
2026	786,458	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>45,569,781</u>	\$ <u>19,952,989</u>	\$ <u>9,900,000</u>	\$ <u>8,970,214</u>

Notes to Financial Statements  
As of June 30, 2006

Note 7—Long-Term Debt: (continued)

Primary Government-Governmental Activity Indebtedness: (continued)

Years Ending June 30,	Capital Lease Obligations	
	Principal	Interest
2007	\$ 383,610	\$ 85,166
2008	412,838	55,938
2009	204,858	31,397
2010	221,861	14,394
2011	58,285	779
Total	<u>\$ 1,281,452</u>	<u>\$ 187,674</u>

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2006:

	Balance July 1, 2005	Issuances	Retirements	Balance June 30, 2006
General obligation bonds	\$ 32,543,400	\$ 15,987,579	\$ 2,961,198	\$ 45,569,781
Lease Revenue notes payable	24,900,000	-	15,000,000	9,900,000
Capital leases	1,640,802	-	359,350	1,281,452
Landfill closure/post-closure liability	2,314,971	-	721,962	1,593,009
Compensated absences	542,963	95,065	-	638,028
Total Long-Term Liabilities	<u>\$ 61,942,136</u>	<u>\$ 16,082,644</u>	<u>\$ 19,042,510</u>	<u>\$ 58,982,270</u>

The County refunded \$15,000,000 worth of general obligation bonds with the issuance of other general obligations bonds during the 2006 fiscal year. There was no economic gain or loss as the result of the issuance of the new bonds.

Notes to Financial Statements  
As of June 30, 2006

Note 7—Long-Term Debt: (continued)

Primary Government-Governmental Activity Indebtedness: (continued)

Details of Long-Term Indebtedness:

	Total Amount	Amount Due Within One Year
<u>General obligation bonds:</u>		
County Bond:		
\$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.	\$ 1,279,119	\$ 86,022
\$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%	1,262,200	139,300
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%	250,000	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%	380,000	45,000
\$4,450,000 issued May 1, 1993 due in annual installments ranging from \$140,000 to \$400,000 due December 15, 1993 through December 15, 2013 interest rates from 5.1% to 5.5%	1,315,000	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%	580,000	110,000
\$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%	305,000	90,000
\$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%	2,165,000	140,000
\$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%	21,870,000	890,000

Notes to Financial Statements  
As of June 30, 2006

**Note 7—Long-Term Debt: (continued)**

**Primary Government-Governmental Activity Indebtedness: (continued)**

Details of Long-Term Indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General obligation bonds: (continued)</u>		
<u>School Bonds: (continued)</u>		
\$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%	\$ 1,455,000	\$ 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	<u>14,708,462</u>	<u>686,497</u>
Total general obligation bonds	\$ <u>45,569,781</u>	\$ <u>2,481,819</u>
<u>Capital Lease Obligations:</u>		
\$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%	\$ 848,824	\$ 174,661
\$1,755,526 for lease purchase of building improvements 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>432,628</u>	<u>208,949</u>
Total capital lease obligations	\$ <u>1,281,452</u>	\$ <u>383,610</u>
<u>Lease Revenue Notes Payable:</u>		
\$9,900,000 Series 2002, issued July 1, 2002, due in annual installments varying from \$200,000 to \$655,000 due 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%	\$ <u>9,900,000</u>	\$ -
Total lease revenue notes payable	\$ <u>9,900,000</u>	\$ -
Compensated absences (Payable from the General Fund)	\$ <u>638,028</u>	\$ -
Accrued landfill closure and post-closure monitoring costs	\$ <u>1,593,009</u>	\$ -
Total primary government indebtedness	\$ <u><u>58,982,270</u></u>	\$ <u><u>2,093,250</u></u>

**Notes to Financial Statements  
As of June 30, 2006**

---

**Note 7—Long-Term Debt: (continued)**

---

**Discretely Presented Component Unit-School Board Indebtedness:**

	Balance July 1, 2005	Issuances	Retirements	Balance June 30, 2006
Compensated absences	\$ 553,058	\$ -	\$ 280	\$ 552,778
Total Long-Term Liabilities	<u>\$ 553,058</u>	<u>\$ -</u>	<u>\$ 280</u>	<u>\$ 552,778</u>

Details of Long-Term Indebtedness:

Compensated absences (Payable from the School Fund)     \$ 552,778

**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.

The assets acquired through capital leases are as follows:

Asset:	<u>Governmental Activities</u>
Building and building improvements	\$ 3,029,150
Less: Accumulated Depreciation	<u>(666,413)</u>
Total	<u>\$ 2,362,737</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006, is as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2007	\$ 468,776
2008	468,776
2009	236,255
2010	236,255
2011	<u>59,064</u>
Total minimum lease payments	\$ 1,469,126
Less: Amount representing interest	<u>(187,674)</u>
Present value of minimum lease payments	<u>\$ 1,281,452</u>

Notes to Financial Statements  
As of June 30, 2006

---

**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.

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/2005 AnnuRept.pdf](http://www.varetire.org/PDF/2005%20AnnuRept.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, 2006 was 9.21%, 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, 2006 was 1.50% of annual covered payroll for non-professional employees.

Notes to Financial Statements  
As of June 30, 2006

**Note 9—Defined Benefit Pension Plan:**

C. Annual Pension Cost

	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
	County Retirement Plan	School Board Non-Professional Retirement Plan
Contribution rates for the year ended June 30, 2006:		
Employer	9.21%	1.50%
Plan members <sup>1</sup>	5.00%	5.00%
Annual pension cost	\$ 603,843	\$ 34,675
Contributions made	\$ 603,843	\$ 34,675
Actuarial valuation date	06/30/05	06/30/05
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of pay, open	Level percentage of pay, 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 <sup>2</sup>	7.50%	7.50%
Projected salary increases <sup>2</sup>		
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%

<sup>1</sup>This member contribution has been assumed by the employer.

<sup>2</sup>Includes inflation at 3%.

**Three-Year Trend Information**

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)<sup>1</sup></u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Primary Government:				
County	6/30/04	\$ 313,747	100%	\$ -
	6/30/05	443,213	100%	-
	6/30/06	603,843	100%	-
Discretely Presented Component Unit:				
School Board Non Professional	6/30/04	\$ 82,207	100%	\$ -
	6/30/05	29,984	100%	-
	6/30/06	34,675	100%	-

<sup>1</sup>Employer portion only

Notes to Financial Statements  
As of June 30, 2006

---

**Note 9—Defined Benefit Pension Plan:**

---

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 6.03% 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, 2006, 2005, and 2004 were \$1,267,602; \$1,070,886, and \$692,318, respectively, equal to the required contributions for each year.

**Note 10—Unearned Revenue:**

---

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$169,947 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2006, but paid in advance by the taxpayers totaled \$169,947 at June 30, 2006.

**Notes to Financial Statements**  
**As of June 30, 2006**

---

**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 Industrial Development Authority of Orange County, Virginia (IDA) entered into a residual value guaranty agreement with Holtzbrinck Publishing Holdings Limited Partnership (the Partnership). The IDA, 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 IDA 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 IDA 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 IDA 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.

This space left blank intentionally

Notes to Financial Statements  
As of June 30, 2006

**Note 12—Capital Assets:**

**Primary Government**

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006 (1)
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,768,713	\$ 49,544	\$ -	\$ 1,818,257
Construction in progress	<u>36,481,810</u>	<u>3,869,451</u>	<u>(36,355,041)</u>	<u>3,996,220</u>
Total capital assets not being depreciated:	<u>\$ 38,250,523</u>	<u>\$ 3,918,995</u>	<u>\$ (36,355,041)</u>	<u>\$ 5,814,477</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 26,391,600	\$ 36,330,565	\$ (1,723,303)	\$ 60,998,862
Furniture, equipment and vehicles	<u>4,872,002</u>	<u>552,527</u>	<u>(9,900)</u>	<u>5,414,629</u>
Total capital assets being depreciated	\$ 31,263,602	\$ 36,883,092	\$ (1,733,203)	\$ 66,413,491
Less accumulated depreciation for:				
Buildings and improvements	\$ (2,876,119)	\$ (931,288)	\$ 144,062	\$ (3,663,345)
Furniture, equipment and vehicles	<u>(3,778,029)</u>	<u>(386,694)</u>	<u>9,900</u>	<u>(4,154,823)</u>
Total accumulated depreciation	\$ (6,654,148)	\$ (1,317,982)	\$ 153,962	\$ (7,818,168)
Capital assets being depreciated, net	<u>\$ 24,609,454</u>	<u>\$ 35,565,110</u>	<u>\$ (1,579,241)</u>	<u>\$ 58,595,323</u>
Net capital assets	<u>\$ 62,859,977</u>	<u>\$ 39,484,105</u>	<u>\$ (37,934,282)</u>	<u>\$ 64,409,800</u>

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

Governmental activities:	
General government	\$ 370,312
Judicial administration	2,445
Public safety	243,741
Public works	79,183
Health and welfare	686
Education	502,598
Parks, recreation, and cultural	30,792
Community development	88,225
Total depreciation expense-governmental activities	<u>\$ 1,317,982</u>

Notes to Financial Statements  
As of June 30, 2006

**Note 12—Capital Assets: (continued)**

**Discretely Presented Component Unit**

Capital asset activity for the School Board for the year ended June 30, 2006 was as follows:

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006 (1)
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 737,700	\$ -	\$ -	\$ 737,700
Construction in progress	2,785,000	-	(2,785,000)	-
Total capital assets not being depreciated:	<u>\$ 3,522,700</u>	<u>\$ -</u>	<u>\$ (2,785,000)</u>	<u>\$ 737,700</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 44,361,980	\$ 5,986,146	\$ (244,040)	\$ 50,104,086
Furniture, equipment and vehicles	6,725,299	693,692	(389,475)	7,029,516
Total capital assets being depreciated	<u>\$ 51,087,279</u>	<u>\$ 6,679,838</u>	<u>\$ (633,515)</u>	<u>\$ 57,133,602</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (34,993,976)	\$ (1,121,523)	\$ 221,245	\$ (35,894,254)
Furniture, equipment and vehicles	(4,233,843)	(507,240)	345,758	(4,395,325)
Total accumulated depreciation	<u>\$ (39,227,819)</u>	<u>\$ (1,628,763)</u>	<u>\$ 567,003</u>	<u>\$ (40,289,579)</u>
Capital assets being depreciated, net	<u>\$ 11,859,460</u>	<u>\$ 5,051,075</u>	<u>\$ (66,512)</u>	<u>\$ 16,844,023</u>
Net capital assets	<u>\$ 15,382,160</u>	<u>\$ 5,051,075</u>	<u>\$ (2,851,512)</u>	<u>\$ 17,581,723</u>

School board depreciation expense for the year ended June 30, 2006 amounted to \$1,628,763.

- (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, 2006, is that school financed assets in the amount of \$41,753,617 are reported in the Primary Government for financial reporting purposes.

**Notes to Financial Statements  
As of June 30, 2006**

---

**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 \$676,571 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.

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 not 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)).

**Note 13—Deposits and Investments: (Continued)**

---

Credit Risk of Debt Securities (continued)

Allowable Investments: (continued)

4. The Local Government Investment Pool. Investments in this pool are subject to the rules and regulations as set forth by the Virginia Department of the Treasury which manages the pool.
5. The State Non-Arbitrage Pool ("SNAP"). Investments in this pool are limited to unexpended proceeds from the issuance of bonds, the interest on which is subject to rebate under the provisions of the Tax Reform Act of 1986. (2.1-324.9:1)
6. Savings accounts or time deposits in any bank or savings and loan association within the state of Virginia providing such bank or savings and loan association is approved for the deposit of other funds of the Commonwealth or other political subdivision thereof (a "qualified public depository"). Such savings accounts or time deposits must meet the collateralization requirements as set forth in the Virginia Security for Public Deposits act and the regulations of the State Treasury Board. The collateral must be a security or securities allowable 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 required that physical possession of the collateral be taken. Physical possession must be taken when the term of the repurchase agreement exceeds ten days. (2.1-328.4)
8. Banker's acceptances from "prime quality" institutions. Prime quality shall be rated by an approved bank rating service with a rating no lower than "C" for domestic banks, or as rated by Standard 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)

Notes to Financial Statements  
As of June 30, 2006

**Note 13—Deposits and Investments: (Continued)**

Credit Risk of Debt Securities (continued)

The County's rated debt investments as of June 30, 2006 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	\$ 8,885,739	\$ -	\$ -	\$ -	-
Corporate Debt	109,374	-	-	-	-
Money Market Mutual Fund	2,288,526	-	-	-	-
External Investment Pools	19,401,718	-	-	-	-
Repurchase Agreements - Underlying:					
U.S. Agency Securities	676,571	-	-	-	-
Total	<u>\$ 31,361,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Concentration of Credit Risk

The County had investments at June 30, 2006, with more than 5 percent of the total in securities of the Federal Home Loan Mortgage Corporation. These investments represented 19 percent, of total investments at June 30, 2006.

Interest Rate Risk

**Investment Maturities (in years)**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than</u>			<u>Greater Than</u>
		<u>1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>10 Years</u>
U.S. Treasuries	\$ -	\$ 622,815	\$ 2,245,473	\$ -	-
U.S. Agencies	-	1,683,548	4,333,903	-	-
Commercial Paper	-	109,374	-	-	-
Total	<u>\$ -</u>	<u>\$ 2,415,737</u>	<u>\$ 6,579,376</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.

**Notes to Financial Statements  
As of June 30, 2006**

---

**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

**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.

**Notes to Financial Statements**  
**As of June 30, 2006**

---

**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 and postclosure 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 and postclosure 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 and postclosure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The \$1,593,009 reported as landfill closure and postclosure care liability at June 30, 2006, represents the cumulative amount reported based on the use of 51.00 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2006. 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 General 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.

Notes to Financial Statements  
As of June 30, 2006

---

**Note 18—Designated Fund Balances:**

---

The following fund balances were designated for subsequent expenditure at June 30, 2006:

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	28,742
Total General Fund	<u>\$ 56,390</u>
Landfill fund - future capital needs	733,654
Landfill Reserve Fund, for landfill closure	275,000
Revenue Maximization Fund	57,266
County Capital Projects Fund - future school construction	1,543,169
County Capital Projects Fund - water project	610,000
County Capital Projects Fund - wireless project	414,000
School Capital Projects Fund	1,606,060
Sub-total	<u>\$ 5,295,539</u>
Discretely Presented Component Unit-School Board:	
School Operating Fund	\$ 1,130
Adult Education	13,677
Sub-total	<u>\$ 14,807</u>
Total	<u><u>\$ 5,310,346</u></u>

**Note 19—Reserved Fund Balances:**

---

The following fund balances were reserved for debt services:

Debt Service	\$ <u>3,427,367</u>
--------------	---------------------

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>10,299,878</u>
---------------------	----------------------

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

**Notes to Financial Statements**  
**As of June 30, 2006**

---

**Note 20—Construction Commitments:**

---

The government has active construction projects as of June 30, 2006. At year-end, the governments remaining commitments with contractors are as follows:

Airport runway rehabilitation	\$ <u>721,919</u>
-------------------------------	-------------------

**Note 21—Adjustment to Beginning Net Assets:**

---

The beginning net assets of the discretely presented component unit-school board was adjusted to correct an error in the compensated absences reflected as of June 30, 2005.

Beginning net assets July 1, 2005, before adjustment	\$ 13,203,624
Adjustment for compensated absences error	<u>2,027,650</u>
Beginning net assets, July 1, 2005, after adjustment	<u>\$ 15,231,274</u>

This space left blank intentionally

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Note to Required Supplementary Information:**

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

## General Fund

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

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 21,257,580	\$ 21,247,580	\$ 23,602,447	\$ 2,354,867
Other local taxes	5,296,000	5,301,335	6,280,508	979,173
Permits, privilege fees, and regulatory licenses	543,800	543,800	623,031	79,231
Fines and forfeitures	1,000	1,000	1,422	422
Revenue from the use of money and property	377,572	377,572	870,364	492,792
Charges for services	1,440,950	1,551,024	1,500,670	(50,354)
Miscellaneous	206,803	306,874	558,664	251,790
Recovered costs	233,512	233,512	286,981	53,469
Intergovernmental revenues:				
Local government	-	-	36,269	36,269
Commonwealth	6,966,181	6,802,880	6,435,232	(367,648)
Federal	571,090	3,061,530	1,722,521	(1,339,009)
Total revenues	\$ 36,894,488	\$ 39,427,107	\$ 41,918,109	\$ 2,491,002
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,728,049	\$ 2,693,530	\$ 2,268,798	\$ 424,732
Judicial administration	1,163,508	1,254,305	1,174,246	80,059
Public safety	5,629,599	7,287,632	6,294,257	993,375
Public works	573,337	635,800	628,063	7,737
Health and welfare	947,392	1,291,508	1,284,220	7,288
Education	15,793,565	16,323,580	15,352,687	970,893
Parks, recreation, and cultural	2,243,017	2,288,321	2,145,518	142,803
Community development	1,199,722	1,486,479	1,362,168	124,311
Nondepartmental	356,032	68,116	75,188	(7,072)
Capital projects	1,999,755	3,551,435	2,737,451	813,984
Principal retirement	2,137,046	3,466,595	3,320,548	146,047
Interest and other fiscal charges	2,438,709	2,454,260	2,554,408	(100,148)
Total expenditures	\$ 37,209,731	\$ 42,801,561	\$ 39,197,552	\$ 3,604,009
Excess (deficiency) of revenues over (under) expenditures	\$ (315,243)	\$ (3,374,454)	\$ 2,720,557	\$ 6,095,011
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 2,495,916	\$ 4,903,573	\$ 97,276	\$ (4,806,297)
Transfers out	(2,118,054)	(2,811,555)	(5,993,550)	(3,181,995)
Proceeds of general obligation bonds	-	1,279,119	15,214,434	13,935,315
Refunding of bonds	-	-	(15,000,000)	(15,000,000)
Premium on general obligation bonds	-	-	773,145	773,145
Total other financing sources and uses	\$ 377,862	\$ 3,371,137	\$ (4,908,695)	\$ (8,279,832)
Net change in fund balances	\$ 62,619	\$ (3,317)	\$ (2,188,138)	\$ (2,184,821)
Fund balances - beginning	-	-	21,251,381	21,251,381
Fund balances - ending	\$ 62,619	\$ (3,317)	\$ 19,063,243	\$ 19,066,560

Virginia Public Assistance Fund

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

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues:				
Commonwealth	\$ 1,820,229	\$ 2,127,087	\$ 472,826	\$ (1,654,261)
Federal	-	-	1,330,003	1,330,003
Total revenues	<u>\$ 1,820,229</u>	<u>\$ 2,127,087</u>	<u>\$ 1,802,829</u>	<u>\$ (324,258)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 2,222,005	\$ 2,535,799	\$ 2,208,278	\$ 327,521
Total expenditures	<u>\$ 2,222,005</u>	<u>\$ 2,535,799</u>	<u>\$ 2,208,278</u>	<u>\$ 327,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (401,776)</u>	<u>\$ (408,712)</u>	<u>\$ (405,449)</u>	<u>\$ 3,263</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 401,776	\$ 408,712	\$ 405,449	\$ (3,263)
Total other financing sources and uses	<u>\$ 401,776</u>	<u>\$ 408,712</u>	<u>\$ 405,449</u>	<u>\$ (3,263)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Schedule of Pension Funding Progress**  
**As of June 30, 2006**

## 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 )
06/30/05 \$	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%
06/30/03	10,349,518	10,728,620	379,102	96.47%	5,030,159	7.54%

## 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 )
06/30/05 \$	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%
06/30/03	4,786,514	4,193,434	(593,080)	114.14%	1,775,981	-33.39%

## **OTHER SUPPLEMENTARY INFORMATION**



**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**



Debt Service Fund

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

For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 237,780	\$ 237,780	\$ 1,012,000	\$ 774,220
Transfers out	(237,780)	(237,780)	-	237,780
Total other financing sources and uses	\$ -	\$ -	\$ 1,012,000	\$ 1,012,000
Net change in fund balances	\$ -	\$ -	\$ 1,012,000	\$ 1,012,000
Fund balances - beginning	-	-	2,415,367	2,415,367
Fund balances - ending	\$ -	\$ -	\$ 3,427,367	\$ 3,427,367

County of Orange, Virginia  
 County Capital Improvements Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2006

Exhibit 13

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 15,215	\$ 15,215
Miscellaneous	-	429,830	949,439	519,609
Intergovernmental revenues:				
Commonwealth	-	50,000	50,000	-
Federal	-	700,000	-	(700,000)
Total revenues	\$ -	\$ 1,179,830	\$ 1,014,654	\$ (165,176)
<b>EXPENDITURES</b>				
Current:				
Capital projects	\$ 971,000	\$ 2,645,339	\$ 396,823	\$ 2,248,516
Total expenditures	\$ 971,000	\$ 2,645,339	\$ 396,823	\$ 2,248,516
Excess (deficiency) of revenues over (under) expenditures	\$ (971,000)	\$ (1,465,509)	\$ 617,831	\$ 2,083,340
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 601,000	\$ 1,184,000	\$ 2,727,169	\$ 1,543,169
Transfers out	-	(88,491)	(97,276)	(8,785)
Total other financing sources and uses	\$ 601,000	\$ 1,095,509	\$ 2,629,893	\$ 1,534,384
Net change in fund balances	\$ (370,000)	\$ (370,000)	\$ 3,247,724	\$ 3,617,724
Fund balances - beginning	2,906,000	2,906,000	541,784	(2,364,216)
Fund balances - ending	\$ 2,536,000	\$ 2,536,000	\$ 3,789,508	\$ 1,253,508

County of Orange, Virginia  
 School Capital Projects Fund

Exhibit 14

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 4,349,568	\$ 4,601,623	\$ 400,188	\$ (4,201,435)
Total revenues	<u>\$ 4,349,568</u>	<u>\$ 4,601,623</u>	<u>\$ 400,188</u>	<u>\$ (4,201,435)</u>
<b>EXPENDITURES</b>				
Current:				
Capital projects	\$ 4,349,568	\$ 4,601,623	\$ 2,398,643	\$ 2,202,980
Total expenditures	<u>\$ 4,349,568</u>	<u>\$ 4,601,623</u>	<u>\$ 2,398,643</u>	<u>\$ 2,202,980</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (1,998,455)	\$ (1,998,455)
Net change in fund balances	\$ -	\$ -	\$ (1,998,455)	\$ (1,998,455)
Fund balances - beginning	-	-	3,604,515	3,604,515
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,606,060</u>	<u>\$ 1,606,060</u>

County of Orange, Virginia  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2006

Exhibit 15

	Landfill Fund	Revenue Maximization Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,079,127	\$ 57,266	\$ 1,136,393
Receivables (net of allowance for uncollectibles):			
Accounts receivable	184,389	-	184,389
Total assets	<u>\$ 1,263,516</u>	<u>\$ 57,266</u>	<u>\$ 1,320,782</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 72,717	\$ -	\$ 72,717
Total liabilities	<u>\$ 72,717</u>	<u>\$ -</u>	<u>\$ 72,717</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ 57,266	\$ 57,266
Undesignated	915,799	-	915,799
Designated for landfill closure	275,000	-	275,000
Total fund balances	<u>\$ 1,190,799</u>	<u>\$ 57,266</u>	<u>\$ 1,248,065</u>
Total liabilities and fund balances	<u>\$ 1,263,516</u>	<u>\$ 57,266</u>	<u>\$ 1,320,782</u>

County of Orange, Virginia  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2006

Exhibit 16

	Landfill Fund	Revenue Maximization Fund	Total
<b>REVENUES</b>			
Charges for services	\$ 502,646	\$ -	\$ 502,646
Intergovernmental revenues:			
Commonwealth	8,609	-	8,609
Total revenues	<u>\$ 511,255</u>	<u>\$ -</u>	<u>\$ 511,255</u>
<b>EXPENDITURES</b>			
Current:			
Public works	\$ 1,433,605	\$ -	\$ 1,433,605
Capital projects	78,273	-	78,273
Total expenditures	<u>\$ 1,511,878</u>	<u>\$ -</u>	<u>\$ 1,511,878</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,000,623)</u>	<u>\$ -</u>	<u>\$ (1,000,623)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 1,848,932	\$ -	\$ 1,848,932
Total other financing sources and uses	<u>\$ 1,848,932</u>	<u>\$ -</u>	<u>\$ 1,848,932</u>
Net change in fund balances	\$ 848,309	\$ -	\$ 848,309
Fund balances - beginning, as adjusted	342,490	57,266	399,756
Fund balances - ending	<u>\$ 1,190,799</u>	<u>\$ 57,266</u>	<u>\$ 1,248,065</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, 2006

	Landfill Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 356,000	\$ 356,000	\$ 502,646	\$ 146,646
Intergovernmental revenues:				
Commonwealth	5,350	8,252	8,609	357
Total revenues	<u>\$ 361,350</u>	<u>\$ 364,252</u>	<u>\$ 511,255</u>	<u>\$ 147,003</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 1,389,628	\$ 1,483,455	\$ 1,433,605	\$ 49,850
Capital projects	87,000	99,640	78,273	21,367
Total expenditures	<u>\$ 1,476,628</u>	<u>\$ 1,583,095</u>	<u>\$ 1,511,878</u>	<u>\$ 71,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,115,278)</u>	<u>\$ (1,218,843)</u>	<u>\$ (1,000,623)</u>	<u>\$ 218,220</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>\$ 1,115,278</u>	<u>\$ 1,218,843</u>	<u>\$ 1,848,932</u>	<u>\$ 630,089</u>
Total other financing sources and uses	<u>\$ 1,115,278</u>	<u>\$ 1,218,843</u>	<u>\$ 1,848,932</u>	<u>\$ 630,089</u>
Net change in fund balances	\$ -	\$ -	\$ 848,309	\$ 848,309
Fund balances - beginning, as adjusted	-	-	342,490	342,490
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,190,799</u>	<u>\$ 1,190,799</u>

Revenue Maximization Fund

Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ 57,266	\$ 57,266
\$ -	\$ -	\$ 57,266	\$ 57,266

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Rapidan Hills Partnership Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 37,344	\$ 6,867	\$ 44,211
Total assets	<u>\$ 37,344</u>	<u>\$ 6,867</u>	<u>\$ 44,211</u>
<b>LIABILITIES</b>			
Amounts held for social services clients	\$ 37,344	\$ -	\$ 37,344
Amounts held for Rapidan Hills Limited Partnership	-	6,867	6,867
Total liabilities	<u>\$ 37,344</u>	<u>\$ 6,867</u>	<u>\$ 44,211</u>

County of Orange, Virginia  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended June 30, 2006

Exhibit 19

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 35,508	\$ 48,975	\$ 47,139	\$ 37,344
Total assets	<u>\$ 35,508</u>	<u>\$ 48,975</u>	<u>\$ 47,139</u>	<u>\$ 37,344</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 35,508	\$ 48,975	\$ 47,139	\$ 37,344
Total liabilities	<u>\$ 35,508</u>	<u>\$ 48,975</u>	<u>\$ 47,139</u>	<u>\$ 37,344</u>
<b>Rapidan Hills Limited Partnership</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,745	\$ 122	\$ -	\$ 6,867
Total assets	<u>\$ 6,745</u>	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ 6,867</u>
<b>LIABILITIES</b>				
Amounts held for Rapidan Hills Limited Partnership	\$ 6,745	\$ 122	\$ -	\$ 6,867
Total liabilities	<u>\$ 6,745</u>	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ 6,867</u>
<b>Totals - All Agency Funds:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 42,253	\$ 49,097	\$ 47,139	\$ 44,211
Total assets	<u>\$ 42,253</u>	<u>\$ 49,097</u>	<u>\$ 47,139</u>	<u>\$ 44,211</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 35,508	\$ 48,975	\$ 47,139	\$ 37,344
Amounts held for Rapidan Hills Limited Partnership	6,745	122	-	6,867
Total liabilities	<u>\$ 42,253</u>	<u>\$ 49,097</u>	<u>\$ 47,139</u>	<u>\$ 44,211</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

# **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.

County of Orange, Virginia  
 Combining Balance Sheet  
 Discretely Presented Component Unit - School Board  
 June 30, 2006

Exhibit 20

	<u>School Operating Fund</u>	<u>Adult Education Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,827,420	\$ 7,765	\$ 235,580	\$ 3,070,765
Receivables (net of allowance for uncollectibles):				
Accounts receivable	8,076	152	-	8,228
Due from other funds	76,184	-	-	76,184
Due from other governmental units	958,876	12,533	-	971,409
Total assets	<u>\$ 3,870,556</u>	<u>\$ 20,450</u>	<u>\$ 235,580</u>	<u>\$ 4,126,586</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 337,197	\$ -	\$ 38,580	\$ 375,777
Accrued liabilities	2,828,550	6,773	115,230	2,950,553
Due to other funds	-	-	76,184	76,184
Due to primary government	703,679	-	-	703,679
Total liabilities	<u>\$ 3,869,426</u>	<u>\$ 6,773</u>	<u>\$ 229,994</u>	<u>\$ 4,106,193</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditure	\$ 1,130	\$ 13,677	\$ -	\$ 14,807
Undesignated	-	-	5,586	5,586
Total fund balances	<u>\$ 1,130</u>	<u>\$ 13,677</u>	<u>\$ 5,586</u>	<u>\$ 20,393</u>
Total liabilities and fund balances	<u>\$ 3,870,556</u>	<u>\$ 20,450</u>	<u>\$ 235,580</u>	<u>\$ 4,126,586</u>

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

Total fund balances per above	\$ 20,393
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,581,723
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(552,778)</u>
Net assets of governmental activities	<u>\$ 17,049,338</u>

County of Orange, Virginia  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2006

Exhibit 21

	School Operating Fund	School Textbook Adoptions Fund	Adult Education Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Revenue from the use of money and property	\$ 9,577	\$ -	\$ -	\$ -	\$ 9,577
Charges for services	155,672	-	47,253	798,718	1,001,643
Miscellaneous	48,390	-	-	-	48,390
Intergovernmental revenues:					
Local government	15,244,340	26,955	-	-	15,271,295
Commonwealth	20,200,240	-	75,610	19,937	20,295,787
Federal	1,897,290	-	212,143	1,514,282	3,623,715
Total revenues	<u>\$ 37,555,509</u>	<u>\$ 26,955</u>	<u>\$ 335,006</u>	<u>\$ 2,332,937</u>	<u>\$ 40,250,407</u>
<b>EXPENDITURES</b>					
Current:					
Education	\$ 37,570,483	\$ 400,856	\$ 321,329	\$ 2,339,518	\$ 40,632,186
Total expenditures	<u>\$ 37,570,483</u>	<u>\$ 400,856</u>	<u>\$ 321,329</u>	<u>\$ 2,339,518</u>	<u>\$ 40,632,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (14,974)</u>	<u>\$ (373,901)</u>	<u>\$ 13,677</u>	<u>\$ (6,581)</u>	<u>\$ (381,779)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 15,130	\$ -	\$ -	\$ -	\$ 15,130
Transfers out	-	-	-	(15,130)	(15,130)
Total other financing sources and uses	<u>\$ 15,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,130)</u>	<u>\$ -</u>
Net change in fund balances	\$ 156	\$ (373,901)	\$ 13,677	\$ (21,711)	\$ (381,779)
Fund balances - beginning	974	373,901	-	27,297	402,172
Fund balances - ending	<u>\$ 1,130</u>	<u>\$ -</u>	<u>\$ 13,677</u>	<u>\$ 5,586</u>	<u>\$ 20,393</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 \$ (381,779)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 2,199,563

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. 280

Change in net assets of governmental activities \$ 1,818,064

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, 2006

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 9,577	\$ 4,577
Charges for services	209,145	133,599	155,672	22,073
Miscellaneous	51,339	53,495	48,390	(5,105)
Intergovernmental revenues:				
Local government	15,712,173	16,179,000	15,244,340	(934,660)
Commonwealth	19,450,889	19,763,003	20,200,240	437,237
Federal	2,390,666	2,194,433	1,897,290	(297,143)
Total revenues	<u>\$ 37,819,212</u>	<u>\$ 38,328,530</u>	<u>\$ 37,555,509</u>	<u>\$ (773,021)</u>
<b>EXPENDITURES</b>				
Current:				
Education	<u>\$ 37,831,711</u>	<u>\$ 38,332,210</u>	<u>\$ 37,570,483</u>	<u>\$ 761,727</u>
Total expenditures	<u>\$ 37,831,711</u>	<u>\$ 38,332,210</u>	<u>\$ 37,570,483</u>	<u>\$ 761,727</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (12,499)</u>	<u>\$ (3,680)</u>	<u>\$ (14,974)</u>	<u>\$ (11,294)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 15,130	\$ 15,130
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,130</u>	<u>\$ 15,130</u>
Net change in fund balances	\$ (12,499)	\$ (3,680)	\$ 156	\$ 3,836
Fund balances - beginning	12,499	3,680	974	(2,706)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,130</u>	<u>\$ 1,130</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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	75,546	47,253	(28,293)
396,346	396,346	-	(396,346)	-	-	-	-
-	56,165	26,955	(29,210)	-	-	-	-
-	-	-	-	-	70,434	75,610	5,176
-	-	-	-	-	163,233	212,143	48,910
<u>\$ 396,346</u>	<u>\$ 452,511</u>	<u>\$ 26,955</u>	<u>\$ (425,556)</u>	<u>\$ -</u>	<u>\$ 309,213</u>	<u>\$ 335,006</u>	<u>\$ 25,793</u>
<u>\$ 396,346</u>	<u>\$ 452,511</u>	<u>\$ 400,856</u>	<u>\$ 51,655</u>	<u>\$ -</u>	<u>\$ 313,477</u>	<u>\$ 321,329</u>	<u>\$ (7,852)</u>
<u>\$ 396,346</u>	<u>\$ 452,511</u>	<u>\$ 400,856</u>	<u>\$ 51,655</u>	<u>\$ -</u>	<u>\$ 313,477</u>	<u>\$ 321,329</u>	<u>\$ (7,852)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (373,901)</u>	<u>\$ (373,901)</u>	<u>\$ -</u>	<u>\$ (4,264)</u>	<u>\$ 13,677</u>	<u>\$ 17,941</u>
<u>\$ 396,346</u>	<u>\$ 396,346</u>	<u>\$ -</u>	<u>\$ (396,346)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 396,346</u>	<u>\$ 396,346</u>	<u>\$ -</u>	<u>\$ (396,346)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 396,346</u>	<u>\$ 396,346</u>	<u>\$ (373,901)</u>	<u>\$ (770,247)</u>	<u>\$ -</u>	<u>\$ (4,264)</u>	<u>\$ 13,677</u>	<u>\$ 17,941</u>
<u>-</u>	<u>-</u>	<u>373,901</u>	<u>373,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 396,346</u>	<u>\$ 396,346</u>	<u>\$ -</u>	<u>\$ (396,346)</u>	<u>\$ -</u>	<u>\$ (4,264)</u>	<u>\$ 13,677</u>	<u>\$ 17,941</u>

Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
 June 30, 2006

	School Cafeteria Fund	Head Start Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 92,481	\$ 143,099	\$ 235,580
Total assets	<u>\$ 92,481</u>	<u>\$ 143,099</u>	<u>\$ 235,580</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 36,914	\$ 1,666	\$ 38,580
Accrued liabilities	49,981	65,249	115,230
Due to other funds	-	76,184	76,184
Total liabilities	<u>\$ 86,895</u>	<u>\$ 143,099</u>	<u>\$ 229,994</u>
Fund balances:			
Unreserved:			
Undesignated	\$ 5,586	\$ -	\$ 5,586
Total fund balances	<u>\$ 5,586</u>	<u>\$ -</u>	<u>\$ 5,586</u>
Total liabilities and fund balances	<u>\$ 92,481</u>	<u>\$ 143,099</u>	<u>\$ 235,580</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, 2006

	School Cafeteria Fund	Head Start Fund	Total
<b>REVENUES</b>			
Charges for services	\$ 798,718	\$ -	\$ 798,718
Intergovernmental revenues:			
Commonwealth	19,937	-	19,937
Federal	589,834	924,448	1,514,282
Total revenues	<u>\$ 1,408,489</u>	<u>\$ 924,448</u>	<u>\$ 2,332,937</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 1,430,200	\$ 909,318	\$ 2,339,518
Total expenditures	<u>\$ 1,430,200</u>	<u>\$ 909,318</u>	<u>\$ 2,339,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (21,711)</u>	<u>\$ 15,130</u>	<u>\$ (6,581)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	\$ -	\$ (15,130)	\$ (15,130)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ (15,130)</u>	<u>\$ (15,130)</u>
Net change in fund balances	\$ (21,711)	\$ -	\$ (21,711)
Fund balances - beginning	27,297	-	27,297
Fund balances - ending	<u>\$ 5,586</u>	<u>\$ -</u>	<u>\$ 5,586</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, 2006

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 733,396	\$ 733,396	\$ 798,718	\$ 65,322
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	23,807	23,807	19,937	(3,870)
Federal	550,000	550,000	589,834	39,834
Total revenues	<u>\$ 1,307,203</u>	<u>\$ 1,307,203</u>	<u>\$ 1,408,489</u>	<u>\$ 101,286</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 1,307,203	\$ 1,307,203	\$ 1,430,200	\$ (122,997)
Total expenditures	<u>\$ 1,307,203</u>	<u>\$ 1,307,203</u>	<u>\$ 1,430,200</u>	<u>\$ (122,997)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,711)</u>	<u>\$ (21,711)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (21,711)	\$ (21,711)
Fund balances - beginning	-	-	27,297	27,297
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,586</u>	<u>\$ 5,586</u>

**Head Start Fund**

Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	7,023	-	(7,023)
-	-	-	-
927,352	930,852	924,448	(6,404)
<u>\$ 927,352</u>	<u>\$ 937,875</u>	<u>\$ 924,448</u>	<u>\$ (13,427)</u>
\$ 927,352	\$ 937,875	\$ 909,318	\$ 28,557
<u>\$ 927,352</u>	<u>\$ 937,875</u>	<u>\$ 909,318</u>	<u>\$ 28,557</u>
\$ -	\$ -	\$ 15,130	\$ 15,130
\$ -	\$ -	\$ (15,130)	\$ (15,130)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,130)</u>	<u>\$ (15,130)</u>
\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Orange, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - Industrial Development Authority  
June 30, 2006

---

Exhibit 26

	<b>Industrial Development Authority</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 369,454
Total assets	<u>\$ 369,454</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Due to primary government	\$ 7,442
Total liabilities	<u>\$ 7,442</u>
Fund balances:	
Unreserved:	
Undesignated	\$ 362,012
Total liabilities and fund balances	<u>\$ 369,454</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, 2006

	<b>Total Governmental Funds</b>
<b>REVENUES</b>	
Miscellaneous	\$ 11,983
Total revenues	<u>\$ 11,983</u>
<b>EXPENDITURES</b>	
Current:	
Miscellaneous - contingencies and incentives	\$ 45,769
Total expenditures	<u>\$ 45,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (33,786)</u>
Fund balances - beginning	395,798
Fund balances - ending	<u><u>\$ 362,012</u></u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

## **SUPPORTING SCHEDULES**

County of Orange, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 16,773,000	\$ 16,773,000	\$ 18,237,441	\$ 1,464,441
Real and personal public service corporation taxes	607,660	607,660	585,816	(21,844)
Personal property taxes	2,179,320	2,179,320	2,987,255	807,935
Mobile home taxes	66,360	66,360	61,817	(4,543)
Machinery and tools taxes	1,080,290	1,070,290	1,103,559	33,269
Merchants' capital taxes	144,000	144,000	139,069	(4,931)
Airplanes	8,250	8,250	11,164	2,914
Boats	128,700	128,700	130,875	2,175
Logging Equipment	-	-	5,526	5,526
Penalties	200,000	200,000	253,530	53,530
Interest	70,000	70,000	86,395	16,395
Total general property taxes	<u>\$ 21,257,580</u>	<u>\$ 21,247,580</u>	<u>\$ 23,602,447</u>	<u>\$ 2,354,867</u>
Other local taxes:				
Local sales and use taxes	\$ 1,900,000	\$ 1,900,000	\$ 2,073,563	\$ 173,563
Consumers' utility taxes	950,000	950,000	1,003,459	53,459
Consumption taxes	60,000	60,000	122,586	62,586
Cable franchise taxes	50,000	55,335	61,553	6,218
E-911 telephone taxes	366,000	366,000	355,080	(10,920)
Cellular phone taxes	220,000	220,000	313,258	93,258
Utility license taxes	27,000	27,000	29,657	2,657
Motor vehicle licenses	600,000	600,000	648,453	48,453
Bank stock taxes	30,000	30,000	37,465	7,465
Taxes on recordation and wills	609,000	609,000	1,180,858	571,858
Hotel and motel room taxes	34,000	34,000	25,480	(8,520)
Restaurant food taxes	450,000	450,000	429,096	(20,904)
Total other local taxes	<u>\$ 5,296,000</u>	<u>\$ 5,301,335</u>	<u>\$ 6,280,508</u>	<u>\$ 979,173</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 9,368	\$ (632)
Land use application fees	5,000	5,000	5,487	487
Transfer fees	2,000	2,000	1,805	(195)
Building and related permits	440,000	440,000	502,334	62,334
Zoning and related permits	86,800	86,800	104,037	17,237
Total permits, privilege fees, and regulatory licenses	<u>\$ 543,800</u>	<u>\$ 543,800</u>	<u>\$ 623,031</u>	<u>\$ 79,231</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,000	\$ 1,000	\$ 1,422	\$ 422
Revenue from use of money and property:				
Revenue from use of money	\$ 255,000	\$ 255,000	\$ 737,744	\$ 482,744
Revenue from use of property	122,572	122,572	132,620	10,048
Total revenue from use of money and property	<u>\$ 377,572</u>	<u>\$ 377,572</u>	<u>\$ 870,364</u>	<u>\$ 492,792</u>
Charges for services:				
Excess fees of clerk	\$ 100,000	\$ 100,000	\$ 165,965	\$ 65,965
Charges for law enforcement and traffic control	123,800	135,300	107,819	(27,481)
Charges for EMS services	-	86,956	132,423	45,467
Charges for Commonwealth's Attorney	1,600	1,600	1,029	(571)
Miscellaneous jail and sheriff's fees	55,800	55,800	72,512	16,712
Charges for other protection	44,000	50,117	50,153	36
Charges for parks and recreation	1,090,150	1,090,150	924,440	(165,710)
Charges for maps and surveys	1,000	1,000	952	(48)

County of Orange, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006 (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 prints	\$ 2,000	\$ 2,000	\$ 2,008	\$ 8
Charges for library	22,600	28,101	43,369	15,268
Total charges for services	<u>\$ 1,440,950</u>	<u>\$ 1,551,024</u>	<u>\$ 1,500,670</u>	<u>\$ (50,354)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 189,503	\$ 258,243	\$ 512,714	\$ 254,471
Donations	17,300	48,631	45,950	(2,681)
Total miscellaneous revenue	<u>\$ 206,803</u>	<u>\$ 306,874</u>	<u>\$ 558,664</u>	<u>\$ 251,790</u>
Recovered costs:				
Judge's secretary	\$ 20,512	\$ 20,512	\$ 24,992	\$ 4,480
Airport Gas	170,000	170,000	201,791	31,791
Other recovered costs	43,000	43,000	60,198	17,198
Total recovered costs	<u>\$ 233,512</u>	<u>\$ 233,512</u>	<u>\$ 286,981</u>	<u>\$ 53,469</u>
Total revenue from local sources	<u>\$ 29,357,217</u>	<u>\$ 29,562,697</u>	<u>\$ 33,724,087</u>	<u>\$ 4,161,390</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from Orange County Industrial Development Authority	\$ -	\$ -	\$ 36,269	\$ 36,269
Total revenue from local governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,269</u>	<u>\$ 36,269</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 11,885	\$ 11,885	\$ 11,884	\$ (1)
Wine taxes	12,457	12,457	12,456	(1)
Motor vehicle carriers' tax	43,000	43,000	39,826	(3,174)
Mobile home titling tax	40,000	40,000	39,819	(181)
Motor vehicle rental tax	1,000	1,000	2,164	1,164
State recordation tax	154,000	154,000	186,442	32,442
Personal property tax relief funds	3,408,680	3,408,680	2,883,506	(525,174)
Total noncategorical aid	<u>\$ 3,671,022</u>	<u>\$ 3,671,022</u>	<u>\$ 3,176,097</u>	<u>\$ (494,925)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 201,478	\$ 208,837	\$ 209,410	\$ 573
Sheriff	1,138,134	1,151,704	1,173,686	21,982
Commissioner of revenue	100,663	102,434	108,806	6,372
Treasurer	110,375	112,310	113,436	1,126
Medical examiner	500	500	510	10
Registrar/electoral board	43,039	44,584	50,828	6,244
Clerk of the Circuit Court	224,185	287,237	269,585	(17,652)
Total shared expenses	<u>\$ 1,818,374</u>	<u>\$ 1,907,606</u>	<u>\$ 1,926,261</u>	<u>\$ 18,655</u>
Other categorical aid:				
EMS radiological emergency prep program	\$ 30,000	\$ 30,000	\$ 50,000	\$ 20,000
Emergency medical services - two for life	14,000	14,000	24,665	10,665
EMS/fire grant	-	46,525	-	(46,525)
Library grant	156,373	159,186	159,235	49
Airport grant	949,480	286,532	157,506	(129,026)
Virginia Commission for the Arts	-	4,500	4,500	-
Comprehensive services act	147,590	392,424	343,125	(49,299)
Victim-witness grant	51,165	52,849	64,758	11,909

County of Orange, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Disaster planning and operations grant	\$ -	\$ -	\$ 7,540	\$ 7,540
Virginia crime control grant	30,364	30,364	30,364	-
E-911 Wireless funds	57,813	57,813	67,764	9,951
Fire programs	40,000	45,926	45,926	-
Seized funds	-	68,905	57,339	(11,566)
Electoral board voting machines reimbursement	-	2,507	5,267	2,760
Subsidy Grant	-	-	291,538	291,538
Other state funds	-	32,721	23,347	(9,374)
Total other categorical aid	<u>\$ 1,476,785</u>	<u>\$ 1,224,252</u>	<u>\$ 1,332,874</u>	<u>\$ 108,622</u>
Total categorical aid	<u>\$ 3,295,159</u>	<u>\$ 3,131,858</u>	<u>\$ 3,259,135</u>	<u>\$ 127,277</u>
Total revenue from the Commonwealth	<u>\$ 6,966,181</u>	<u>\$ 6,802,880</u>	<u>\$ 6,435,232</u>	<u>\$ (367,648)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ -	\$ -	\$ 1,363	\$ 1,363
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ 20,505	\$ 9,214	\$ (11,291)
Drug control & system control improvement grant	-	41,524	24,603	(16,921)
School resource officer grant	50,940	50,940	21,205	(29,735)
State homeland security program	-	517,021	103,491	(413,530)
Hazard mitigation grant	-	-	29,406	29,406
TRIAD grant	-	96,651	4,667	(91,984)
Airport grants	510,150	2,260,691	1,501,943	(758,748)
Emergency management planning grant	-	-	7,900	7,900
Local law enforcement block grant	-	-	417	417
Operation prom and graduation grant	-	5,000	5,000	-
Child and adult food program	10,000	10,000	13,312	3,312
COPS grant	-	59,198	-	(59,198)
Total categorical aid	<u>\$ 571,090</u>	<u>\$ 3,061,530</u>	<u>\$ 1,721,158</u>	<u>\$ (1,340,372)</u>
Total revenue from the federal government	<u>\$ 571,090</u>	<u>\$ 3,061,530</u>	<u>\$ 1,722,521</u>	<u>\$ (1,339,009)</u>
Total General Fund	<u>\$ 36,894,488</u>	<u>\$ 39,427,107</u>	<u>\$ 41,918,109</u>	<u>\$ 2,491,002</u>
<b>Special Revenue Fund:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,820,229	\$ 2,127,087	\$ 472,826	\$ (1,654,261)
Total revenue from the Commonwealth	<u>\$ 1,820,229</u>	<u>\$ 2,127,087</u>	<u>\$ 472,826</u>	<u>\$ (1,654,261)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 1,330,003	\$ 1,330,003
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,330,003</u>	<u>\$ 1,330,003</u>
Total Virginia Public Assistance Fund	<u>\$ 1,820,229</u>	<u>\$ 2,127,087</u>	<u>\$ 1,802,829</u>	<u>\$ (324,258)</u>

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Fund: (continued)</b>				
<b>Landfill Fund</b>				
Revenue from local sources:				
Charges for services:				
Charges for waste disposal	\$ 316,000	\$ 316,000	\$ 410,506	\$ 94,506
Charges for recycling	40,000	40,000	92,140	52,140
Total charges for services	<u>\$ 356,000</u>	<u>\$ 356,000</u>	<u>\$ 502,646</u>	<u>\$ 146,646</u>
Total revenue from local sources	<u>\$ 356,000</u>	<u>\$ 356,000</u>	<u>\$ 502,646</u>	<u>\$ 146,646</u>
Revenue from the Commonwealth:				
Categorical aid:				
Litter control grant	\$ 5,350	\$ 8,252	\$ 8,609	\$ 357
Total revenue from the Commonwealth	<u>\$ 5,350</u>	<u>\$ 8,252</u>	<u>\$ 8,609</u>	<u>\$ 357</u>
Total Landfill Fund	<u><u>\$ 361,350</u></u>	<u><u>\$ 364,252</u></u>	<u><u>\$ 511,255</u></u>	<u><u>\$ 147,003</u></u>
<b>Capital Projects Fund:</b>				
<b>County Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 15,215	\$ 15,215
Miscellaneous revenue:				
Miscellaneous Revenue	\$ -	\$ 429,830	\$ 3,888	\$ (425,942)
Proffer revenue	-	-	945,551	945,551
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 429,830</u>	<u>\$ 949,439</u>	<u>\$ 519,609</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 429,830</u>	<u>\$ 964,654</u>	<u>\$ 534,824</u>
Revenue from the Commonwealth:				
Categorical aid:				
DEQ Water Supply Planning Grant	\$ -	\$ 50,000	\$ 50,000	\$ -
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ 700,000	\$ -	\$ (700,000)
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ -</u>	<u>\$ (700,000)</u>
Total County Capital Improvements Fund	<u><u>\$ -</u></u>	<u><u>\$ 1,179,830</u></u>	<u><u>\$ 1,014,654</u></u>	<u><u>\$ (165,176)</u></u>
<b>School Capital Projects</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 4,349,568	\$ 4,601,623	\$ 400,188	\$ (4,201,435)
Total School Capital Projects Fund	<u>\$ 4,349,568</u>	<u>\$ 4,601,623</u>	<u>\$ 400,188</u>	<u>\$ (4,201,435)</u>
Total Primary Government	<u><u>\$ 43,425,635</u></u>	<u><u>\$ 47,699,899</u></u>	<u><u>\$ 45,647,035</u></u>	<u><u>\$ (2,052,864)</u></u>

County of Orange, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 5,000	\$ 5,000	\$ 9,577	\$ 4,577
Charges for services:				
Charges for education	\$ 209,145	\$ 133,599	\$ 155,672	\$ 22,073
Miscellaneous revenue:				
Miscellaneous revenue	\$ 51,339	\$ 53,495	\$ 48,390	\$ (5,105)
Total revenue from local sources	\$ 265,484	\$ 192,094	\$ 213,639	\$ 21,545
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Orange, Virginia	\$ 15,712,173	\$ 16,179,000	\$ 15,244,340	\$ (934,660)
Total revenues from local governments	\$ 15,712,173	\$ 16,179,000	\$ 15,244,340	\$ (934,660)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,837,356	\$ 3,837,356	\$ 4,032,192	\$ 194,836
Basic school aid	10,361,994	10,660,025	10,814,693	154,668
Teacher incentive - salary supplement	198,977	198,977	208,667	9,690
Remedial summer education	82,798	82,798	90,609	7,811
Gifted and talented	98,197	98,197	102,978	4,781
Remedial education	206,730	206,730	216,796	10,066
Special education	1,328,238	1,328,238	1,392,917	64,679
Textbook payment	163,110	163,110	171,052	7,942
Vocational standards of quality payments	235,155	235,155	246,606	11,451
Vocational adult education	3,136	3,136	7,471	4,335
Social security fringe benefits	568,408	568,408	552,831	(15,577)
Retirement fringe benefits	528,922	528,922	517,601	(11,321)
State lottery payments	633,730	633,730	652,882	19,152
Early reading intervention	44,238	44,238	38,156	(6,082)
Homebound education	32,895	32,895	30,032	(2,863)
Special education jails	9,519	9,519	2,228	(7,291)
Special education - foster children	97,470	97,470	97,072	(398)
Special education - Regional programs	212,156	212,156	165,571	(46,585)
GED funding	7,859	7,859	20,133	12,274
Primary class size	220,939	220,939	230,453	9,514
Standards of Learning algebra readiness	23,481	23,481	23,567	86
At risk four-year olds	115,724	115,724	126,603	10,879
Mentor teacher program	-	-	25,174	25,174
English as a second language	29,532	29,532	23,285	(6,247)
School construction funds	152,325	152,325	152,671	346
VPSA technology funds	258,000	258,000	258,000	-
Other state funds	-	14,083	-	(14,083)
Total categorical aid	\$ 19,450,889	\$ 19,763,003	\$ 20,200,240	\$ 437,237
Total revenue from the Commonwealth	\$ 19,450,889	\$ 19,763,003	\$ 20,200,240	\$ 437,237

County of Orange, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006 (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:				
Adult basic education	\$ 198,233	\$ -	\$ -	-
Title I	703,163	703,163	647,161	(56,002)
Title VI-B, special education flow-through	1,035,273	1,035,273	873,237	(162,036)
Vocational education	68,335	68,335	62,913	(5,422)
Title VI-B, special education pre-school	57,622	57,622	45,150	(12,472)
Drug free schools	28,418	28,418	29,317	899
Title II, Teacher Quality	210,332	210,332	146,121	(64,211)
JROTC	59,249	59,249	53,618	(5,631)
Title V, Part A - Innovative programs	17,353	17,353	24,176	6,823
Literacy Challenge, Title II, part D	12,688	12,688	10,021	(2,667)
Headstart training grant	-	2,000	2,500	500
State assessments and related activities (NCLB)	-	-	3,076	3,076
Total categorical aid	<u>\$ 2,390,666</u>	<u>\$ 2,194,433</u>	<u>\$ 1,897,290</u>	<u>\$ (297,143)</u>
Total revenue from the federal government	<u>\$ 2,390,666</u>	<u>\$ 2,194,433</u>	<u>\$ 1,897,290</u>	<u>\$ (297,143)</u>
Total School Operating Fund	<u>\$ 37,819,212</u>	<u>\$ 38,328,530</u>	<u>\$ 37,555,509</u>	<u>\$ (773,021)</u>
<b>School Textbook Adoption Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	<u>\$ 396,346</u>	<u>\$ 396,346</u>	<u>\$ -</u>	<u>\$ (396,346)</u>
Total revenue from local sources	<u>\$ 396,346</u>	<u>\$ 396,346</u>	<u>\$ -</u>	<u>\$ (396,346)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Orange, Virginia	<u>\$ -</u>	<u>\$ 56,165</u>	<u>\$ 26,955</u>	<u>\$ (29,210)</u>
Total revenues from local governments	<u>\$ -</u>	<u>\$ 56,165</u>	<u>\$ 26,955</u>	<u>\$ (29,210)</u>
Total School Textbook Adoption Fund	<u>\$ 396,346</u>	<u>\$ 452,511</u>	<u>\$ 26,955</u>	<u>\$ (425,556)</u>
<b>Adult Education Fund:</b>				
Revenue from local sources:				
Charges for services:				
Charges for Education	<u>\$ -</u>	<u>\$ 75,546</u>	<u>\$ 47,253</u>	<u>\$ (28,293)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 75,546</u>	<u>\$ 47,253</u>	<u>\$ (28,293)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	<u>\$ -</u>	<u>\$ 70,434</u>	<u>\$ 75,610</u>	<u>\$ 5,176</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 70,434</u>	<u>\$ 75,610</u>	<u>\$ 5,176</u>

County of Orange, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006 (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	\$ -	\$ 163,233	\$ 212,143	\$ 48,910
Total revenue from the federal government	\$ -	\$ 163,233	\$ 212,143	\$ 48,910
Total Adult Education Fund	\$ -	\$ 309,213	\$ 335,006	\$ 25,793
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 733,396	\$ 733,396	\$ 798,718	\$ 65,322
Total revenue from local sources	\$ 733,396	\$ 733,396	\$ 798,718	\$ 65,322
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 23,807	\$ 23,807	\$ 19,937	\$ (3,870)
Total revenue from the Commonwealth	\$ 23,807	\$ 23,807	\$ 19,937	\$ (3,870)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 550,000	\$ 550,000	\$ 589,834	\$ 39,834
Total revenue from the federal government	\$ 550,000	\$ 550,000	\$ 589,834	\$ 39,834
Total School Cafeteria Fund:	\$ 1,307,203	\$ 1,307,203	\$ 1,408,489	\$ 101,286
<b>Head Start Fund:</b>				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Orange, Virginia	\$ -	\$ 7,023	\$ -	\$ (7,023)
Total revenues from local governments	\$ -	\$ 7,023	\$ -	\$ (7,023)
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 927,352	\$ 930,852	\$ 924,448	\$ (6,404)
Total revenue from the federal government	\$ 927,352	\$ 930,852	\$ 924,448	\$ (6,404)
Total Head Start Fund	\$ 927,352	\$ 937,875	\$ 924,448	\$ (13,427)
Total Discretely Presented Component Unit - School Board	\$ 40,450,113	\$ 41,335,332	\$ 40,250,407	\$ (1,084,925)

County of Orange, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 121,441	\$ 140,743	\$ 139,211	\$ 1,532
General and financial administration:				
County administrator	\$ 424,095	\$ 410,058	\$ 399,429	\$ 10,629
Legal services	26,052	46,572	45,746	826
County attorney	112,422	158,519	141,532	16,987
Human resources	410,533	262,590	146,051	116,539
Independent auditor	42,000	45,000	39,499	5,501
Commissioner of revenue	344,494	344,081	316,435	27,646
Reassessment	274,200	274,200	113,455	160,745
Treasurer	303,648	316,235	312,929	3,306
Finance	310,888	315,721	282,444	33,277
Data processing	236,350	252,987	219,743	33,244
Other general and financial administration	7,000	7,200	7,157	43
Total general and financial administration	<u>\$ 2,491,682</u>	<u>\$ 2,433,163</u>	<u>\$ 2,024,420</u>	<u>\$ 408,743</u>
Board of elections:				
Electoral board and officials	\$ 36,880	\$ 39,849	\$ 31,465	\$ 8,384
Registrar	78,046	79,775	73,702	6,073
Total board of elections	<u>\$ 114,926</u>	<u>\$ 119,624</u>	<u>\$ 105,167</u>	<u>\$ 14,457</u>
Total general government administration	<u>\$ 2,728,049</u>	<u>\$ 2,693,530</u>	<u>\$ 2,268,798</u>	<u>\$ 424,732</u>
Judicial administration:				
Courts:				
Circuit court	\$ 66,365	\$ 66,707	\$ 64,343	\$ 2,364
General district court	46,450	25,017	8,828	16,189
Special magistrates	5,550	5,663	5,663	-
Clerk of the circuit court	398,745	470,801	429,897	40,904
Sheriff	393,353	412,291	408,654	3,637
Law Library	6,900	6,900	2,787	4,113
Total courts	<u>\$ 917,363</u>	<u>\$ 987,379</u>	<u>\$ 920,172</u>	<u>\$ 67,207</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 246,145	\$ 266,926	\$ 254,074	\$ 12,852
Total commonwealth's attorney	<u>\$ 246,145</u>	<u>\$ 266,926</u>	<u>\$ 254,074</u>	<u>\$ 12,852</u>
Total judicial administration	<u>\$ 1,163,508</u>	<u>\$ 1,254,305</u>	<u>\$ 1,174,246</u>	<u>\$ 80,059</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,863,639	\$ 2,050,440	\$ 1,967,928	\$ 82,512
E-911 and central dispatch	639,297	596,088	554,348	41,740
Victim Witness Program	52,616	55,732	55,731	1
Other law enforcement	92,975	594,201	466,989	127,212
Total law enforcement and traffic control	<u>\$ 2,648,527</u>	<u>\$ 3,296,461</u>	<u>\$ 3,044,996</u>	<u>\$ 251,465</u>

County of Orange, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006 (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	\$ 355,000	\$ 355,000	\$ 355,000	\$ -
Volunteer rescue departments	273,300	377,735	217,735	160,000
Emergency medical services	1,304,762	2,124,143	1,612,283	511,860
Other fire and rescue services	95,820	114,560	91,770	22,790
Total fire and rescue services	<u>\$ 2,028,882</u>	<u>\$ 2,971,438</u>	<u>\$ 2,276,788</u>	<u>\$ 694,650</u>
Correction and detention:				
Jointly operated institutions	\$ 53,860	\$ 53,860	\$ 29,051	\$ 24,809
Probation office	1,800	2,600	2,492	108
Total correction and detention	<u>\$ 55,660</u>	<u>\$ 56,460</u>	<u>\$ 31,543</u>	<u>\$ 24,917</u>
Inspections:				
Building	\$ 369,146	\$ 385,719	\$ 385,713	\$ 6
Total inspections	<u>\$ 369,146</u>	<u>\$ 385,719</u>	<u>\$ 385,713</u>	<u>\$ 6</u>
Other protection:				
Animal control	\$ 446,721	\$ 487,288	\$ 472,411	\$ 14,877
Medical examiner	1,200	1,200	750	450
Emergency services (civil defense)	73,059	82,962	80,280	2,682
Sludge monitor	6,404	6,104	1,776	4,328
Total other protection	<u>\$ 527,384</u>	<u>\$ 577,554</u>	<u>\$ 555,217</u>	<u>\$ 22,337</u>
Total public safety	<u>\$ 5,629,599</u>	<u>\$ 7,287,632</u>	<u>\$ 6,294,257</u>	<u>\$ 993,375</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 573,337	\$ 635,800	\$ 628,063	\$ 7,737
Total public works	<u>\$ 573,337</u>	<u>\$ 635,800</u>	<u>\$ 628,063</u>	<u>\$ 7,737</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 291,800	\$ 305,347	\$ 305,347	\$ -
Total health	<u>\$ 291,800</u>	<u>\$ 305,347</u>	<u>\$ 305,347</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	\$ 2,800	\$ 200
State and local hospitalization	10,000	10,186	10,186	-
Welfare funeral supplements	500	500	-	500
Tax relief for the elderly	-	-	75,455	(75,455)
Comprehensive youth services act and administration	379,625	686,520	616,665	69,855
Virginia juvenile crime control act	34,932	36,429	36,429	-
Youth commission	77,686	81,286	80,783	503
Youth substance abuse programs	7,950	17,246	14,107	3,139

County of Orange, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006 (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)				
Summer mentoring group	\$ -	\$ 526	\$ -	\$ 526
Skyline CAP grant	-	5,000	4,977	23
At risk program	5,500	9,069	2,671	6,398
Project excel	6,395	6,395	4,796	1,599
Total welfare	<u>\$ 525,588</u>	<u>\$ 856,157</u>	<u>\$ 848,869</u>	<u>\$ 7,288</u>
Total health and welfare	<u>\$ 947,392</u>	<u>\$ 1,291,508</u>	<u>\$ 1,284,220</u>	<u>\$ 7,288</u>
Education:				
Other instructional costs:				
Contributions to Germanna Community College	\$ 81,392	\$ 81,392	\$ 81,392	\$ -
Contribution to County School Board	15,712,173	16,242,188	15,271,295	970,893
Total education	<u>\$ 15,793,565</u>	<u>\$ 16,323,580</u>	<u>\$ 15,352,687</u>	<u>\$ 970,893</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 218,224	\$ 223,378	\$ 221,782	\$ 1,596
Recreation programs	449,481	413,745	385,642	28,103
Child Care	799,897	845,374	781,690	63,684
Total parks and recreation	<u>\$ 1,467,602</u>	<u>\$ 1,482,497</u>	<u>\$ 1,389,114</u>	<u>\$ 93,383</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	-
Other contributions	36,369	40,869	40,869	-
Total cultural enrichment	<u>\$ 49,869</u>	<u>\$ 54,369</u>	<u>\$ 54,369</u>	<u>\$ -</u>
Library:				
Orange County library	\$ 434,664	\$ 448,361	\$ 407,919	\$ 40,442
Wilderness library	198,626	205,880	201,565	4,315
Gordonsville library	92,256	97,214	92,551	4,663
Total library	<u>\$ 725,546</u>	<u>\$ 751,455</u>	<u>\$ 702,035</u>	<u>\$ 49,420</u>
Total parks, recreation, and cultural	<u>\$ 2,243,017</u>	<u>\$ 2,288,321</u>	<u>\$ 2,145,518</u>	<u>\$ 142,803</u>
Community development:				
Planning and community development:				
Planning & zoning	\$ 263,084	\$ 267,472	\$ 262,961	\$ 4,511
Planning district commission	16,653	16,653	16,653	-
Community development	14,500	14,500	14,500	-
Planning commission	13,900	27,570	23,501	4,069
Zoning appeals board	5,600	3,550	2,821	729
Economic development	149,479	335,149	326,103	9,046
Industrial Development Authority	87,750	116,576	89,222	27,354
Tourism	179,168	185,747	144,936	40,811
Airport	329,787	379,461	353,413	26,048
Total planning and community development	<u>\$ 1,059,921</u>	<u>\$ 1,346,678</u>	<u>\$ 1,234,110</u>	<u>\$ 112,568</u>

County of Orange, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006 (Continued)

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Community development: (continued)				
Environmental management:				
Contribution to soil and water conservation district	\$ 47,972	\$ 47,972	\$ 47,972	\$ -
Virginia division of forestry	5,924	5,924	5,924	-
Total environmental management	<u>\$ 53,896</u>	<u>\$ 53,896</u>	<u>\$ 53,896</u>	<u>\$ -</u>
Cooperative extension program:				
VPI extension program	\$ 85,905	\$ 85,905	\$ 74,162	\$ 11,743
Total community development	<u>\$ 1,199,722</u>	<u>\$ 1,486,479</u>	<u>\$ 1,362,168</u>	<u>\$ 124,311</u>
Nondepartmental:				
Contingencies	\$ 356,032	\$ 4,663	\$ -	\$ 4,663
Miscellaneous	-	63,453	75,188	(11,735)
Total nondepartmental	<u>\$ 356,032</u>	<u>\$ 68,116</u>	<u>\$ 75,188</u>	<u>\$ (7,072)</u>
Capital projects:				
Remodel of buildings	\$ -	\$ 278,027	\$ 208,491	\$ 69,536
Library, renovation of book collection	55,000	59,753	4,673	55,080
Airport	1,697,000	2,735,717	2,176,564	559,153
Communications/data processing	30,935	30,935	30,935	-
Sheriff's department	42,550	90,036	87,234	2,802
E-911 and central dispatch	145,270	259,040	182,809	76,231
Animal shelter	4,000	5,696	5,673	23
Parks and recreation	25,000	52,531	41,072	11,459
Planning and zoning	-	39,700	-	39,700
Total capital projects	<u>\$ 1,999,755</u>	<u>\$ 3,551,435</u>	<u>\$ 2,737,451</u>	<u>\$ 813,984</u>
Debt service:				
Principal retirement	\$ 2,137,046	\$ 3,466,595	\$ 3,320,548	\$ 146,047
Interest and other fiscal charges	2,438,709	2,454,260	2,554,408	(100,148)
Total debt service	<u>\$ 4,575,755</u>	<u>\$ 5,920,855</u>	<u>\$ 5,874,956</u>	<u>\$ 45,899</u>
Total General Fund	<u><u>\$ 37,209,731</u></u>	<u><u>\$ 42,801,561</u></u>	<u><u>\$ 39,197,552</u></u>	<u><u>\$ 3,604,009</u></u>
<b>Special Revenue Fund:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,222,005	\$ 2,535,799	\$ 2,208,278	\$ 327,521
Total health and welfare	<u>\$ 2,222,005</u>	<u>\$ 2,535,799</u>	<u>\$ 2,208,278</u>	<u>\$ 327,521</u>
Total Virginia Public Assistance Fund	<u><u>\$ 2,222,005</u></u>	<u><u>\$ 2,535,799</u></u>	<u><u>\$ 2,208,278</u></u>	<u><u>\$ 327,521</u></u>
<b>Landfill Fund</b>				
Public Works:				
Sanitation and waste removal:				
Director of public works	\$ 89,525	\$ 90,221	\$ 87,704	\$ 2,517
Refuse collection	388,679	391,994	375,787	16,207
Compactor collection center	236,777	279,619	269,832	9,787
Refuse disposal	574,940	647,512	641,351	6,161
Recycling and waste removal	94,000	65,500	52,425	13,075
Litter control	5,707	8,609	6,506	2,103
Total sanitation and waste removal	<u>\$ 1,389,628</u>	<u>\$ 1,483,455</u>	<u>\$ 1,433,605</u>	<u>\$ 49,850</u>

County of Orange, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006 (Continued)

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund: (continued)				
Landfill Fund (continued)				
Capital Outlay:				
Compactor sites	\$ 57,000	\$ 69,640	\$ 48,273	\$ 21,367
Equipment	30,000	30,000	30,000	-
Total capital outlay	<u>\$ 87,000</u>	<u>\$ 99,640</u>	<u>\$ 78,273</u>	<u>\$ 21,367</u>
Total Landfill fund	<u>\$ 1,476,628</u>	<u>\$ 1,583,095</u>	<u>\$ 1,511,878</u>	<u>\$ 71,217</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Improvements Fund:</b>				
Capital projects expenditures:				
Courthouse renovation project	\$ -	\$ 250,473	\$ 60,634	\$ 189,839
Animal shelter	-	90,866	33,058	57,808
Water impoundment project	560,000	610,000	100,625	509,375
Wireless project	411,000	411,000	103,516	307,484
Timbertruss project	-	1,283,000	98,990	1,184,010
Total Capital Projects Fund	<u>\$ 971,000</u>	<u>\$ 2,645,339</u>	<u>\$ 396,823</u>	<u>\$ 2,248,516</u>
<b>School Capital Projects</b>				
Capital projects expenditures:				
School construction/renovation	\$ 4,349,568	\$ 4,349,568	\$ 2,146,588	\$ 2,202,980
School capital projects (non-construction)	-	252,055	252,055	-
Total School Capital Projects Fund	<u>\$ 4,349,568</u>	<u>\$ 4,601,623</u>	<u>\$ 2,398,643</u>	<u>\$ 2,202,980</u>
Total Primary Government	<u>\$ 46,228,932</u>	<u>\$ 54,167,417</u>	<u>\$ 45,713,174</u>	<u>\$ 8,454,243</u>

County of Orange, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2006 (Continued)

Fund, Function, Activity, Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
School board	\$ 44,420	\$ 60,941	\$ 55,987	\$ 4,954
Executive administration services	238,270	329,948	326,960	2,988
Personnel	209,674	263,196	231,293	31,903
Fiscal services	260,410	285,255	277,912	7,343
School nurses	276,596	276,596	278,029	(1,433)
School psychologist	74,375	74,375	2,315	72,060
Other administrative costs	79,700	122,359	97,697	24,662
Total administration of schools	<u>\$ 1,183,445</u>	<u>\$ 1,412,670</u>	<u>\$ 1,270,193</u>	<u>\$ 142,477</u>
Instruction costs:				
Elementary and secondary schools	\$ 24,664,148	\$ 24,525,131	\$ 23,852,315	\$ 672,816
Guidance services	656,707	627,073	600,639	26,434
Social worker services	73,003	66,003	61,040	4,963
Other instructional costs	1,289,049	1,315,461	1,154,665	160,796
Media services	586,602	590,529	580,077	10,452
Office of the principal	2,057,641	2,016,836	2,085,955	(69,119)
Total instruction costs	<u>\$ 29,327,150</u>	<u>\$ 29,141,033</u>	<u>\$ 28,334,691</u>	<u>\$ 806,342</u>
Operating costs:				
Pupil transportation	\$ 3,222,053	\$ 3,272,642	\$ 3,428,395	\$ (155,753)
Operation and maintenance of school plant	4,099,063	4,505,865	4,537,204	(31,339)
Total operating costs	<u>\$ 7,321,116</u>	<u>\$ 7,778,507</u>	<u>\$ 7,965,599</u>	<u>\$ (187,092)</u>
Total School Fund	<u>\$ 37,831,711</u>	<u>\$ 38,332,210</u>	<u>\$ 37,570,483</u>	<u>\$ 761,727</u>
<b>School Textbook Adoption Fund:</b>				
Education:				
Instruction costs:				
Textbook Adoptions	\$ 396,346	\$ 452,511	\$ 400,856	\$ 51,655
Total School Textbook Adoption Fund	<u>\$ 396,346</u>	<u>\$ 452,511</u>	<u>\$ 400,856</u>	<u>\$ 51,655</u>
<b>Adult Education Fund:</b>				
Education:				
Instruction	\$ -	\$ 313,477	\$ 321,329	\$ (7,852)
Total Adult Education Fund	<u>\$ -</u>	<u>\$ 313,477</u>	<u>\$ 321,329</u>	<u>\$ (7,852)</u>
<b>Cafeteria Fund</b>				
Education:				
School food services				
Administration of school food program	\$ 1,307,203	\$ 1,307,203	\$ 1,430,200	\$ (122,997)
Total Cafeteria Fund	<u>\$ 1,307,203</u>	<u>\$ 1,307,203</u>	<u>\$ 1,430,200</u>	<u>\$ (122,997)</u>
<b>Head Start Fund:</b>				
Education:				
Instruction	\$ 927,352	\$ 937,875	\$ 909,318	\$ 28,557
Total Head Start Fund	<u>\$ 927,352</u>	<u>\$ 937,875</u>	<u>\$ 909,318</u>	<u>\$ 28,557</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 40,462,612</u>	<u>\$ 41,343,276</u>	<u>\$ 40,632,186</u>	<u>\$ 711,090</u>

# **STATISTICAL SECTION**



## Statistical Section

<u>Contents</u>	<u>Tables</u>
Financial Trends These tables contain trend information to help the reader understand how 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 relate to the services the County provides and the activities it performs.	14-15

### Sources:

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

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 2,823,689	\$ 3,762,291	\$ 7,389,293	\$ 9,363,277
Unrestricted	<u>8,289,588</u>	<u>17,045,551</u>	<u>21,901,113</u>	<u>24,799,517</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>
Primary government				
Invested in capital assets, net of related debt	\$ 2,823,689	\$ 3,762,291	\$ 7,389,293	\$ 9,363,277
Unrestricted	<u>8,289,588</u>	<u>17,045,551</u>	<u>21,901,113</u>	<u>24,799,517</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>

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

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,790,631	\$ 1,646,727	\$ 2,341,890	\$ 2,763,001
Judicial administration	954,897	945,917	1,101,740	1,181,123
Public safety	4,033,313	4,585,509	5,393,425	6,247,025
Public works	1,635,586	1,063,492	1,880,492	1,539,839
Health and welfare	3,066,903	3,263,359	3,516,557	3,518,227
Education	16,140,469	17,949,742	11,331,591	18,215,899
Parks, recreation and cultural	1,587,098	1,768,321	1,968,330	2,189,340
Community development	1,147,338	861,578	665,415	1,720,063
Interest on long-term debt	3,060,620	2,790,069	2,635,335	2,810,123
Total governmental activities expenses	\$ 33,416,855	\$ 34,874,714	\$ 30,834,775	\$ 40,184,640
Total primary government expenses	\$ 33,416,855	\$ 34,874,714	\$ 30,834,775	\$ 40,184,640
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Judicial administration	\$ 51,601	\$ 80,264	\$ 215,273	\$ 168,416
Public safety	174,905	664,997	893,633	985,938
Public works	267,471	403,609	358,607	502,646
Parks, recreation and cultural	615,252	737,063	816,855	967,809
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
Capital grants and contributions	1,581,316	331,373	1,418,746	1,709,449
Total governmental activities program revenues	\$ 6,815,936	\$ 6,639,361	\$ 8,481,405	\$ 9,469,500
Total primary government program revenues	\$ 6,815,936	\$ 6,639,361	\$ 8,481,405	\$ 9,469,500
Net (expense) / revenue				
Governmental activities	\$ (26,600,919)	\$ (28,235,353)	\$ (22,353,370)	\$ (30,715,140)
Total primary government net expense	\$ (26,600,919)	\$ (28,235,353)	\$ (22,353,370)	\$ (30,715,140)
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 18,606,397	\$ 29,538,450	\$ 21,598,071	\$ 23,299,421
Local sales and use taxes	1,685,245	1,835,213	1,941,534	2,073,563
Consumers' utility taxes	836,980	865,991	824,666	1,003,459
Consumption taxes	73,830	101,583	78,857	122,586
Cable franchise taxes	49,605	51,518	57,292	61,553
E-911 taxes	378,939	362,019	394,164	355,080
Cellular phone taxes	212,948	261,143	323,304	313,258
Motor vehicle license taxes	561,490	583,312	617,435	648,453
Taxes on recordation and wills	360,837	439,586	818,847	1,180,858
Restaurant food taxes	332,144	340,754	409,958	429,096
Other local taxes	144,306	83,040	102,631	92,602
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
Miscellaneous	304,424	221,720	297,771	1,508,103
Unrestricted grants and contributions	2,667,730	2,760,591	2,810,083	3,213,729
Total governmental activities	\$ 27,423,690	\$ 37,929,918	\$ 30,905,430	\$ 35,587,528
Total primary government	\$ 27,423,690	\$ 37,929,918	\$ 30,905,430	\$ 35,587,528
<b>Change in Net Assets</b>				
Governmental activities	\$ 822,771	\$ 9,694,565	\$ 8,552,060	\$ 4,872,388
Total primary government	\$ 822,771	\$ 9,694,565	\$ 8,552,060	\$ 4,872,388

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 Four 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>
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**

---

<b>Motor Vehicle Tax</b>	<b>Taxes on Recordation and Wills</b>	<b>Restaurant Food Tax</b>	<b>Other Local Tax</b>	<b>Total</b>
\$ 648,453	\$ 1,180,858	\$ 429,096	\$ 92,602	\$ 29,579,929
617,435	818,847	409,958	102,631	27,166,759
583,312	439,586	340,754	83,040	34,462,609
561,490	360,837	332,144	144,306	23,242,721

County of Orange, Virginia

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

	<u>Fiscal Year</u>				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General fund					
Unreserved	\$ 4,163,819	\$ 5,335,623	\$ 7,621,536	\$ 6,929,903	\$ 7,504,970
Total general fund	<u>\$ 4,163,819</u>	<u>\$ 5,335,623</u>	<u>\$ 7,621,536</u>	<u>\$ 6,929,903</u>	<u>\$ 7,504,970</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	187,363
Capital projects funds	<u>64,986</u>	<u>(360,585)</u>	<u>(623,354)</u>	<u>26,772</u>	<u>27,386</u>
Total all other governmental funds	<u>\$ 64,986</u>	<u>\$ (360,585)</u>	<u>\$ (623,354)</u>	<u>\$ 26,772</u>	<u>\$ 214,749</u>

Table 4

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 8,063,111	\$ 9,409,239	\$ 18,830,090	\$ 21,251,381	\$ 8,763,365
<u>\$ 8,063,111</u>	<u>\$ 9,409,239</u>	<u>\$ 18,830,090</u>	<u>\$ 21,251,381</u>	<u>\$ 8,763,365</u>
\$ -	\$ -	\$ 1,372,806	\$ 2,415,367	\$ 13,727,245
273,985	276,989	581,870	399,756	1,248,065
<u>332,158</u>	<u>30,777,443</u>	<u>7,999,083</u>	<u>4,146,299</u>	<u>5,395,568</u>
<u>\$ 606,143</u>	<u>\$ 31,054,432</u>	<u>\$ 9,953,759</u>	<u>\$ 6,961,422</u>	<u>\$ 20,370,878</u>

County of Orange, Virginia

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>Revenues</b>				
General property taxes	\$ 13,670,548	\$ 14,394,753	\$ 15,558,659	\$ 15,672,480
Other local taxes	2,605,001	2,691,003	2,869,528	2,970,172
Permits, privilege fees and regulatory licenses	148,204	176,591	180,333	184,327
Fines and forfeitures	3,881	5,195	6,318	4,938
Revenue from use of money and property	496,965	509,219	557,130	622,118
Charges for services	426,147	481,196	578,290	666,504
Miscellaneous	97,524	149,771	225,909	270,369
Recovered costs	86,443	30,463	17,491	16,234
Intergovernmental:				
Local government	-	-	-	-
Commonwealth	2,367,285	2,487,930	2,754,556	3,785,132
Federal	640,148	1,262,357	1,203,627	1,565,720
Total revenues	<u>\$ 20,542,146</u>	<u>\$ 22,188,478</u>	<u>\$ 23,951,841</u>	<u>\$ 25,757,994</u>
<b>Expenditures</b>				
General government administration	\$ 1,040,998	\$ 1,076,124	\$ 1,075,379	\$ 1,139,228
Judicial administration	656,766	711,500	786,090	792,978
Public safety	1,891,010	2,227,613	2,663,808	3,027,863
Public works	863,827	801,641	846,994	1,056,079
Health and welfare	1,951,205	1,974,139	2,098,033	2,404,772
Education	3,291	3,684	15,778	21,750
Parks, recreation and cultural	708,041	739,632	834,878	885,703
Community development	934,444	575,211	573,054	1,097,519
Nondepartmental	-	58,054	25,951	37,581
Capital projects	1,257,906	1,464,174	992,324	501,744
Debt service				
Principal	163,689	294,580	291,608	370,224
Interest and other fiscal charges	262,318	265,617	261,193	247,329
Total expenditures	<u>\$ 9,733,495</u>	<u>\$ 10,191,969</u>	<u>\$ 10,465,090</u>	<u>\$ 11,582,770</u>
Excess of revenues over (under) expenditures	<u>\$ 10,808,651</u>	<u>\$ 11,996,509</u>	<u>\$ 13,486,751</u>	<u>\$ 14,175,224</u>
<b>Other financing sources (uses)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ 668,708
Transfers out	(11,207,586)	(11,646,092)	(11,612,458)	(14,885,439)
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Refunding of bonds	-	-	-	-
Capital leases	-	395,816	148,851	-
Total other financing sources (uses)	<u>\$ (11,207,586)</u>	<u>\$ (11,250,276)</u>	<u>\$ (11,463,607)</u>	<u>\$ (14,216,731)</u>
Net change in fund balances	<u>\$ (398,935)</u>	<u>\$ 746,233</u>	<u>\$ 2,023,144</u>	<u>\$ (41,507)</u>
Debt service as a percentage of noncapital expenditures	5.026%	6.419%	5.836%	5.573%

(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

Fiscal Year												
		2001	2002		2003		2004		2005		2006	
\$	15,985,943	\$	17,737,805	\$	18,608,288	\$	28,630,362	\$	21,705,461	\$	23,602,447	
	3,519,140		3,900,642		4,636,324		4,924,159		5,568,688		6,280,508	
	287,435		364,980		366,971		465,707		675,005		623,031	
	2,224		2,096		11,151		1,049		1,102		1,422	
	607,679		427,588		841,844		484,998		630,817		1,285,767	
	758,442		732,674		1,101,903		1,419,993		1,611,450		2,003,316	
	217,186		250,355		304,424		221,720		297,771		1,508,103	
	46,374		80,030		148,211		299,298		219,577		286,981	
	-		-		-		-		-		36,269	
	5,326,096		6,132,571		6,093,544		5,895,673		6,174,105		6,966,667	
	1,242,429		2,167,139		2,277,068		1,617,530		2,829,826		3,052,524	
\$	<u>27,992,948</u>	\$	<u>31,795,880</u>	\$	<u>34,389,728</u>	\$	<u>43,960,489</u>	\$	<u>39,713,802</u>	\$	<u>45,647,035</u>	
\$	1,247,076	\$	1,488,064	\$	1,541,731	\$	1,659,099	\$	1,979,038	\$	2,268,798	
	923,268		939,362		950,529		965,949		1,099,273		1,174,246	
	3,461,309		3,567,000		3,906,290		4,324,133		5,524,201		6,294,257	
	1,053,114		1,264,432		1,390,671		1,438,725		1,714,695		2,061,668	
	2,757,452		3,178,928		3,035,056		3,458,184		3,516,108		3,492,498	
	17,410		10,327		14,304,597		12,994,395		12,380,334		15,352,687	
	1,090,027		1,184,210		1,523,280		1,692,525		1,891,866		2,145,518	
	843,658		828,212		1,215,602		963,910		1,077,812		1,362,168	
	20,143		12,993		9,916		20,485		22,496		75,188	
	1,334,088		3,584,611		22,058,313		21,895,739		6,330,765		5,611,190	
	310,417		255,190		3,438,996		3,351,197		2,003,081		3,320,548	
	224,986		206,618		2,660,482		2,875,970		2,675,684		2,554,408	
\$	<u>13,282,948</u>	\$	<u>16,519,947</u>	\$	<u>56,035,463</u>	\$	<u>55,640,311</u>	\$	<u>40,215,353</u>	\$	<u>45,713,174</u>	
\$	<u>14,710,000</u>	\$	<u>15,275,933</u>	\$	<u>(21,645,735)</u>	\$	<u>(11,679,822)</u>	\$	<u>(501,551)</u>	\$	<u>(66,139)</u>	
\$	1,346,420	\$	1,294,372	\$	3,349,787	\$	3,140,289	\$	4,996,596	\$	6,090,826	
	(15,293,376)		(16,920,770)		(3,349,787)		(3,140,289)		(4,996,596)		(6,090,826)	
	-		1,300,000		28,046,200		-		-		15,214,434	
	-		-		-		-		-		773,145	
	-		-		-		-		-		(15,000,000)	
	-		-		-		-		-		-	
\$	<u>(13,946,956)</u>	\$	<u>(14,326,398)</u>	\$	<u>28,046,200</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>987,579</u>	
\$	<u>763,044</u>	\$	<u>949,535</u>	\$	<u>6,400,465</u>	\$	<u>(11,679,822)</u>	\$	<u>(501,551)</u>	\$	<u>921,440</u>	
	4.481%		3.570%		17.952%		18.454%		13.808%		14.650%	

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)
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	-
1997	13,670,548	1,147,584	705,922	-	27,185	161,115	-

(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

---

	<b>Motor Vehicle Tax</b>	<b>Taxes on Recordation and Wills</b>	<b>Restaurant Food Tax (3)</b>	<b>Other Local Tax</b>	<b>Total</b>
\$	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
	347,352	89,796	-	126,047	16,275,549

County of Orange, Virginia

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

Fiscal Year	Real Estate (2)	Personal Property (4)	Mobile Homes	Machinery and Tools (4)	Merchants' Capital	Farm Machinery (5,7)
2006	2,297,694,000	274,370,387	7,604,983	60,500,467	34,972,515	-
2005	2,089,249,600	241,849,727	7,839,828	56,029,585	34,901,761	-
2004	1,937,505,800	238,340,293	8,257,750	60,485,416	34,456,222	-
2003	1,622,055,210	227,399,469	8,164,670	69,101,175	29,936,736	7,529,625
2002	1,567,087,710	88,755,039	7,501,740	23,971,220	31,433,053	-
2001	1,519,134,744	82,835,323	6,979,010	24,372,602	31,168,004	-
2000	1,412,919,829	76,214,203	7,180,040	24,446,430	29,647,151	-
1999	1,376,225,972	71,614,115	7,232,840	20,958,570	26,889,898	-
1998	1,266,841,750	69,481,138	5,877,151	20,108,270	23,182,370	-
1997	1,237,155,533	66,881,820	5,686,610	20,412,148	19,428,271	-

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

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

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

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

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

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

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

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

Source: Commissioner of Revenue

Table 7

---

<u>Airplanes (5)</u>	<u>Boats (6)</u>	<u>Logging Equipment (8)</u>	<u>Public Service (3)</u>	<u>Total Taxable Assessed Value</u>	<u>Estimated Actual Taxable Value (1)</u>
2,136,935	8,162,686	611,355	70,611,891	2,756,665,219	
1,248,935	7,377,229	-	105,125,010	2,543,621,675	
1,294,555	7,131,398	-	119,547,772	2,407,019,206	
1,499,940	-	-	101,918,634	2,067,605,459	
-	-	-	103,579,420	1,822,328,182	
-	-	-	98,777,188	1,763,266,871	
-	-	-	99,547,161	1,649,954,814	
-	-	-	105,712,452	1,608,633,847	
-	-	-	94,111,776	1,479,602,455	
-	-	-	71,054,772	1,420,619,154	

County of Orange, Virginia

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

Fiscal Years	Direct Rates							
	Real Estate	Personal Property (2)	Mobile Homes	Machinery and Tools (2)	Merchants' Capital	Farm Machinery	Airplanes	
2006	\$ 0.870	\$ 2.200	\$ 0.840	\$ 1.831	\$ 0.400	-	\$ 0.550	
2005	0.840	2.200	0.840	1.831	0.400	-	0.550	
2004	0.840	2.200	0.840	1.831	0.400	-	0.550	
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	-	-	
1997	0.650	5.500	0.650	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.

Table 8

---

---

	<u>Boats</u>		<u>Logging Equipment</u>
\$	1.650	\$	0.920
	1.650		-
	1.650		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-

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

Taxpayer	Type Business	Fiscal Year 2006		Fiscal Year 1997	
		2005 Assessed Valuation (1)	% of Total Assessed Valuation	1996 Assessed Valuation (1)	% of Total Assessed Valuation
Holtzbrinck Publishers	Book Distributor	22,837,100	0.99%	66,300	0.01%
Aerojet General Corp	Manufacturing	13,016,200	0.57%	-	0.00%
Orange Village	Shopping Center	4,929,800	0.21%	4,408,100	0.36%
General Shale	Manufacturing	3,923,700	0.17%	2,686,400	0.22%
American Woodmark	Manufacturing	3,880,000	0.17%	3,321,000	0.27%
PMC Distribution	Manufacturing	3,437,800	0.15%	-	0.00%
One American Place	Manufacturing	3,292,700	0.14%	131,400	0.01%
L&M Properties LLC	Manufacturing	3,242,500	0.14%	-	0.00%
Barboursville Corporation	Winery	2,945,400	0.13%	2,145,400	0.17%
Lohman Corp	Manufacturing	2,195,900	0.10%	-	0.00%
		<u>63,701,100</u>	<u>2.77%</u>	<u>12,758,600</u>	<u>1.03%</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
2006	23,323,620	22,722,591	97.42%	-	22,722,591	97.42%
2005	21,643,012	21,022,481	97.13%	384,678	21,407,159	98.91%
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%
1997	13,540,166	13,083,163	96.62%	456,114	13,539,277	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			
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
1997	2,140,000	-	-	1,926,436	4,066,436	0.77%	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**

<b>Fiscal Year</b>	<b>Gross Bonded Debt</b>	<b>Less: Amounts Reserved for Debt Service</b>	<b>Net Bonded Debt (3)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value (2)</b>	<b>Net Bonded Debt per Capita (1)</b>
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
1997	2,140,000	-	2,140,000	0.15%	88

(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**


---

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2006	29,300	\$ 830,772,200	\$ 28,354	40-44.9	4,616	2.80%
2005	29,300	830,772,200	28,354	40-44.9	4,616	2.80%
2004	28,700	813,759,800	28,354	40-44.9	4,298	3.10%
2003	27,700	732,166,400	26,432	40-44.9	4,090	3.80%
2002	27,200	708,668,800	26,054	40-44.9	3,988	4.40%
2001	26,600	686,918,400	25,824	40-44.9	3,955	2.70%
2000	25,881	646,015,641	24,961	40-44.9	3,845	2.00%
1999	25,300	594,676,500	23,505	40-44.9	3,823	2.40%
1998	25,000	573,925,000	22,957	40-44.9	3,839	2.60%
1997	24,400	526,991,200	21,598	40-44.9	3,786	4.00%

Source: Weldon Cooper Center, Annual school report - prepared by the county, [www.fedstats.gov](http://www.fedstats.gov)

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

Employer	Fiscal Year 2006			Fiscal Year 1997		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Orange County School Board (1)	750	1	7.99%	750	1	10.04%
County of Orange (2), (3)	375	2	3.99%	175	10	2.34%
Von Holtzbrink Publishing (2), (4)	375	3	3.99%	0	N/A	0.00%
Germanna Community College (2), (3)	375	4	3.99%	175	5	2.34%
American Woodmark Corporation (2)	375	5	3.99%	375	3	5.02%
Orange County Nursing Home (3)	175	6	1.86%	175	7	2.34%
American Press (3)	175	7	1.86%	175	4	2.34%
Food Lion (3)	175	8	1.86%	175	8	2.34%
Battlefield Farms (3)	175	9	1.86%	175	11	2.34%
Ridge Tool Manufacturing (3)	175	10	1.86%	175	6	2.34%
Bluegreen Corporation (3), (4)	175	11	1.86%	0	N/A	0.00%
Aerojet General Corporation (3), (4)	175	12	1.86%	0	N/A	0.00%
Liberty Fabrics (4)	0	N/A	0.00%	375	2	5.02%
UE & C Catalytic, Inc (4)	0	N/A	0.00%	175	12	2.34%
AM Club, Inc (4)	0	N/A	0.00%	175	9	2.34%
<b>Totals</b>	<b>3,475</b>		<b>37.02%</b>	<b>3,075</b>		<b>41.16%</b>
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.

County of Orange, Virginia

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year					
	1997	1998	1999	2000	2001	2002
Public safety						
Sheriffs department: (1)						
Physical arrests	n/a	n/a	n/a	n/a	389	871
Traffic violations	n/a	n/a	n/a	n/a	606	1,696
Civil papers	n/a	n/a	n/a	n/a	6,794	11,086
Fire and rescue:						
Number of calls answered	n/a	4,191	4,736	4,767	5,204	5,354
Building inspections:						
Permits issued	816	867	1,024	904	1,029	968
Animal control:						
Number of calls answered (1)	n/a	n/a	n/a	n/a	11,479	23,619
Public works						
General maintenance:						
Trucks/vehicles	7	7	8	9	9	10
Landfill:						
Refuse collected (tons/day)	n/a	n/a	n/a	n/a	n/a	28,980
Recycling (tons/day)	n/a	n/a	n/a	n/a	n/a	n/a
Health and welfare						
Department of Social Services:						
Caseload	n/a	n/a	n/a	n/a	n/a	n/a
Culture and recreation						
Parks and recreation:						
After-school program participants	135	139	147	145	160	221
Youth sports participants	60	505	521	647	684	792
Community development						
Planning:						
Zoning permits issued	619	689	883	681	844	784
Component Unit - School Board						
Education:						
School age population	3,786	3,839	3,823	3,845	3,955	3,988
Number of teachers	306	306	277	276	279	294
Local expenditures per pupil	2,585	2,706	2,866	2,778	2,840	3,033

Source: Individual county departments

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

**Table 15**

---

<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
917	945	976	331
1,636	1,889	1,894	320
11,204	11,977	11,068	3,893
5,477	5,131	5,248	4,174
1,088	1,240	1,514	980
22,161	21,508	25,162	8,370
12	12	13	15
38,583	44,211	56,600	71,866
n/a	n/a	876	881
2,077	3,003	2,700	3,084
226	274	315	360
938	915	1,262	866
831	1,079	1,276	695
4,090	4,298	4,616	n/a
314	316	347	n/a
3,078	3,388	3,006	n/a

**THIS PAGE LEFT BLANK INTENTIONALLY**

# **COMPLIANCE SECTION**



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF ORANGE, VIRGINIA

We have audited the accompanying financial statements of the governmental 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, 2006, which collectively comprise the County of Orange, Virginia's basic financial statements and have issued our report thereon dated September 15, 2006. 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 Audit 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 County of Orange, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

#### 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 that are required to be reported under Government Auditing Standards.

We noted certain matters that we have reported to management of the County of Orange, Virginia in a separate letter dated September 15, 2006.

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, Cox Associates*

Charlottesville, Virginia  
September 15, 2006

**THIS PAGE LEFT BLANK INTENTIONALLY**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## 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, 2006. 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, 2006.

#### INTERNAL CONTROL OVER COMPLIANCE

The management of the County of Orange, Virginia is responsible for establishing and maintaining effective internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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.

*Guinn, Farmer, Co. Associates*

Charlottesville, Virginia  
September 15, 2006

**County of Orange, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2006**

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>926,948</u>
Pass Through Payments:		
Department of Social Services:		
Fraud Free Admin Option	93.000	\$ 14,677
Family Preservation and Support	93.556	14,431
Temporary Assistance to Needy Families (TANF)	93.558	123,466
Refugee and Entrant Assistance - Discretionary Grants	93.566	93
Low Income Home Energy Assistance	93.568	12,686
Payments to States for Child Care Assistance (Child Care Cluster)	93.575	302,863
Child Care and Development Fund (Child Care Cluster)	93.596	114,501
Adoption Incentive Payments Program	93.603	11,978
Foster Care - Title IV-E	93.658	236,414
Adoption Assistance	93.659	25,843
Social Services Block Grant	93.667	137,490
Independent Living	93.674	2,397
State Children's Insurance Program	93.767	98
Medical Assistance Program (Title XIX)	93.778	<u>98,441</u>
Total Dept. Health & Human Services-pass through		\$ <u>1,095,378</u>
Total Department Health and Human Services		\$ <u>2,022,326</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution (Nursing Home and Jail)	10.550	\$ 1,255
Food Distribution (Child Nutrition Cluster)	10.555	79,392
Child and Adult Care Food Program	10.558	13,312
Department of Education:		
National school breakfast program (Child Nutrition Cluster)	10.553	\$ 132,280
National school lunch program (Child Nutrition Cluster)	10.555	457,554
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	\$ <u>234,625</u>
Total Department of Agriculture		\$ <u>918,418</u>
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments in Lieu of Taxes	15.226	\$ <u>1,363</u>

County of Orange, Virginia  
 Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2006

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:		
Operation prom and graduation grant	16.000	\$ 5,000
TRIAD grant	16.579	4,667
Drug control and system improvement grant - Byrne grant	16.579	24,603
School resource office grant	16.579	21,205
Local law enforcement block grant	16.592	<u>417</u>
Total Department of Justice		\$ <u>55,892</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	\$ 9,214
Airport Improvement Program	20.106	<u>1,501,943</u>
Total Department of Transportation		\$ <u>1,511,157</u>
Department of Homeland Security		
Pass Through Payments:		
Department of Emergency Services:		
State homeland security program	97.004	\$ 103,491
Emergency management preparedness grant	97.042	7,900
Hazard mitigation grant	97.039	<u>29,406</u>
Total Federal Emergency Management Agency		\$ <u>140,797</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	\$ 212,143
Title I: Educationally deprived children	84.010	647,161
Title VI-B: Handicapped state grants (Special Education Cluster)	84.027	873,237
Vocational Education: Basic grants to states	84.048	62,913
Title VI-B: Handicapped preschool incentive grant (Special Education Cluster)	84.173	45,150
Drug free schools and communities	84.186	29,317
Title V, Part A - Innovative Education Program Strategies	84.298	24,176
Literacy Challenge Grant	84.318	10,021
Improving Teacher Quality, Title II Part A	84.367	146,121
State Assessments and Related Activities, NCLB	84.369	3,076
ROTC	84.000	<u>53,618</u>
Total Department of Education		\$ <u>2,106,933</u>
Total Federal Assistance		\$ <u><u>6,756,886</u></u>

**County of Orange, Virginia**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2006**

---

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	\$ 3,052,524
Total primary government	<u>\$ 3,052,524</u>

Discretely presented component unit - School Board:

School operating fund	\$ 1,897,290
Adult education fund	212,143
Cafetera fund	589,834
Head start fund	924,448
Total discretely presented component unit - School Board	<u>\$ 3,623,715</u>

Non-cash expenditures - value of donated commodities	<u>\$ 80,647</u>
--	------------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>6,756,886</u></u>
---	-------------------------

**COUNTY OF ORANGE, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2006**

---

**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

- Reportable conditions 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

- Reportable conditions 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:

CFDA Numbers

Name of Federal Program or Cluster

93.600	.....	Head Start
20.106	.....	Airport Improvement Program

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**

---

**Section III-Federal Award Findings and Questioned Costs**

---

None