



**Comprehensive Annual
Financial Report
Year Ended June 30, 2011**

Orange County, North Carolina

**ORANGE COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

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Comprehensive Annual Financial Report

Year Ended June 30, 2011



Bernadette Pelissier
Chair, Board of County Commissioners

Frank Clifton
County Manager

Clarence G. Grier, CPA
Financial Services Director

Prepared by
The Orange County Financial Services Department

Howard A. Fitts, CPA, Accountant
Shari Rasberry, Financial Service Coordinator
Michele Brooks, Accounting Technician
Katina Perry, Accounting Technician
and the Budget Office Staff

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ORANGE COUNTY, NORTH CAROLINA

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ORANGE COUNTY

Financial Services Department

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November 28, 2011

The Board of County Commissioners,
Frank Clifton, County Manager
Citizens of Orange County, North Carolina

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, I hereby issue the comprehensive annual financial report ("CAFR") of Orange County for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of Orange County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the County's internal control structure has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Martin Starnes & Associates, CPA, PA, a firm of licensed certified public accountants. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. This opinion can be found at the beginning of the financial section of this document. In addition to the independent audit of the financial statements, the County is required to undergo an annual "Single Audit" designed to meet the special needs of federal grantor agencies. Information regarding this audit is submitted in the Compliance Sections of this report and includes the schedules of financial assistance and findings and questioned costs and the independent auditors' reports on the internal control structure and on compliance.

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

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COUNTY PROFILE

Orange County, founded in 1752, is located in the north-central portion of North Carolina, approximately midway between Washington, DC and Atlanta, GA. The County is part of the Raleigh/Durham/Chapel Hill Metropolitan Statistical Area, which also includes the Research Triangle Park, a major complex of research and research-oriented manufacturing facilities.

The County operates under a Commissioner-Manager form of government. The governing body of the County is the Board of County Commissioners, which formulates policies for the administration of the County. In addition, the Board annually adopts a balanced budget and establishes a tax rate for the support of the County's programs. The Board consists of seven commissioners, elected on a staggered basis for terms of four years. The County Manager is appointed by, and serves at the pleasure of the Board as the County's Chief Executive Officer. He has appointive and removal authority over department heads and other employees of the County. The County Manager is responsible for the daily operations of the County Government. In addition the Manager's responsibilities include implementation of policies established by the Board of Commissioners, as well as the administration of the annual budget adopted by the Board.

The County provides a wide range of services, including public safety, human services (Social Services, Health and Aging), and funds for education, cultural and recreational activities, general administration functions and others. This CAFR includes all funds and account groups of the County including all activities considered to be part of (controlled by or dependent on) the County. In the fiscal year ended June 30, 1995, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*. As a result, the Orange County ABC Board is reported as a discretely presented component unit of the County.

The budget serves as the foundation for Orange County's financial planning and control. As required by the North Carolina Budget and Fiscal Control Act, the County adopts an annual budget for all governmental funds except those authorized by project ordinance that are multi-year in nature. Appropriations to the various funds are formally budgeted on a functional basis. The County Manager is authorized to approve appropriation transfers within all functions. Transfers that alter the total appropriation of any functional category or fund, including the multi-year project funds, must be approved by the County Commissioners. However; for expenditure control purposes the budget is monitored and controlled on a departmental level.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local economy Orange County is part of the 13 county Research Triangle Regions. This area continues to experience growth and is considered among the most desirable areas of the country to live and work. The region added over 125,000 jobs in the last six years. Research Triangle park was named the #1 High-Tech Region by the Silicon Valley Leadership Group and the region was named the #1 Region for Biotechnology by the Milkmen Institute.

The County's economy is characterized by a high degree of institutional and public-sector activity, plus office, commercial and service-oriented business. Manufacturing and agriculture are smaller portions of the County's economy.

The County enjoys a consistently low unemployment rate. The unemployment rate estimated by the North Carolina Employment Security Commission for Calendar year 2010 was 5.8% and for September 2011 was 7.4%, one of the lowest in the State. (State average was 10.5% for September 9.8% for calendar year 2010.)

The University of North Carolina at Chapel Hill and University Hospitals in the Town of Chapel Hill and their associated service, teaching and research programs have a reputation for excellence in the educational and medical fields. The County is also the place of residence for many technical, professional and executive people who work in the Research Triangle Park and neighboring cities of Durham, Raleigh, and Burlington.

The Research Triangle refers to an area located among three municipalities: Chapel Hill, Durham and Raleigh. In addition to the University of North Carolina at Chapel Hill, universities located in these municipalities include Duke University and North Carolina Central University in the City of Durham and North Carolina State University in the City of Raleigh. The proximity of these universities makes the Research Triangle area well suited for many types of research activities.

The Research Triangle Park (the "Park"), located 10 miles east of the County, contains 7,000 acres of land which has been reserved for research and research-oriented manufacturing. Since its inception in the 1950's, more than 170 private and governmental organizations have located facilities in the Park. According to the Research Triangle Foundation, the Park represents a capital investment exceeding \$4.0 billion. As of July, 2011, approximately 53,000 people were employed at the Park with an annual payroll of approximately \$4.5 billion with an average salary of \$68,000. Approximately 87% of the employees in the Park work for multinational corporations. Because of its close proximity to the County and the fact that many of the Parks' employees reside in the County, the impact of the Park on the County's economy is significant.

An industrial strip along Interstate Highway 85 in the western portion of the County is the location of several manufacturing firms. This area is the projected location for future growth of industrial and commercial concerns. In addition to this area, the County designated over 2,450 acres in three strategically placed areas along Interstates 85 and 40 as Economic Development Districts. The County's location, midway between the Piedmont Triad and Research Triangle metropolitan areas, makes these sites extremely attractive. The districts offer development potential for light industrial, warehouse/flex space, office, retail and business service. Numerous tracts, ranging in size from 20 to 100 acres or more, are available.

Utility extension development is another economic development initiative undertaken by the County. This project encourages economic development in the County by providing funds to finance utility extension development for commercial entities. Using the monies in this fund, the County provides a portion of the upfront water/sewer infrastructure costs for businesses. As the various projects are completed, some portion of the resultant increased property tax revenue is used to repay the fund. These funds then "revolve" to address water/sewer needs of other commercial development projects.

Fiscal Outlook. The adopted 2011-12 budget included General Fund appropriation of \$178.2 million which is an increase of \$2.9 million from prior years' original budget, and a \$3.6 million reduction from the prior year's final amended budget. Reflective of previous fiscal years, the County continued its traditional commitment to public schools earmarking nearly one-half of the County's 2010-11 General Fund Budget of \$178.2 million for education. The Board adopted and maintained a property tax rate of .858 cents per hundred for Fiscal Year 2011-12 which represents the second straight year that the property tax rate was not increased to balance the budget. The assessed value for the upcoming year is estimated to be nearly \$15.7 billion with a tax rate of \$0.858 per \$100 of value year. There is only a nominal appropriation from fund balance in the 2011-12 budget which will be used to assist in funding critical needs programs that have been affected by the slow recovery from the current economic recession. The Board of County Commissioners remains committed to grow and stabilize the fund balance as the County continues to contend with the flat and declining revenues which have resulted from the continued recession. The Board's adoption of the same property tax reflects their continued desire to not increase the burden on the citizens during these difficult times. The County's financial condition remains strong and stable.

In the capital improvement area, the County issued Qualified School Construction Bonds to finance construction of the C. W. Stanford Middle School Auditorium for Orange County School District, and several major roofing projects for the Chapel Hill – Carrboro City School District. In the upcoming fiscal year the County plans to issue Alternative Financing to fund the construction of an 11th elementary school for the Chapel Hill Carrboro School District and fund County equipment purchases. The total amount of the financing will be between \$21.4 and \$25.5 million depending on the status of interest rates during the fiscal year.

Fiscal Policy. The County continues to operate within its current financial policies this fiscal year despite the challenges it has faced during the economic recession and it is anticipated that it will continue to do so in the upcoming fiscal year. The Board and County Manager acted during the year to hold down expenditures to reduce the impact of the recession on the County's fiscal position. The actions primarily took the form of delaying hiring for vacant positions and requesting that departments take action to reduce operating expenses, fuel usage and travel. Although the 2011-12 budget has increased \$2.9 million, the Board of County Commissioners maintains their desire to have no tax increase in 2012-13. This means that the County's debt service as a percentage of the budget will remain nearer or slightly above the 15% of General Fund expenditures limit which is the goal the County strives to maintain. The Board has set an available fund balance minimum of 8%; however it has a goal of being able to reach 17%. Over the past several fiscal years the County has steadily moved toward this goal and had nearly reached it in fiscal year 2007-2008; this current fiscal year ended June 30, 2011, we have reversed the trend of reductions in fund balance from the previous two fiscal years.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Orange County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This marks the twenty-seventh consecutive year that Orange County has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The County also received the GFOA's award for Distinguished Budget Presentation for its 2011 annual budget document. This is the 20th year that the award has been presented to the County. In order to qualify for this award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. The Budget Department believes the fiscal year 2012 budget continues to conform to program requirements and is submitting it to the GFOA to determine eligibility for another award.

Each County department's strong commitment to the goals, vision and mission statements of the County government is reflected in their provision of services to the residents of Orange County. I appreciate the cooperation of all County departments in conducting financial activities, including the preparation of this report. I would like to commend the members of the Finance Services Department, particularly, for their professional competence and diligence in continuing the progressive financial activities of the County and the preparation of this informative report. Special recognition is extended to Howard Fitts, Accountant, for his tireless effort and sense of commitment that he displayed throughout the report preparation process and to Martin Starnes & Associates, Certified Public Accounts for their assistance.

I thank the Board of County Commissioners and County Manager for their leadership in making Orange County a fiscally sound, well-governed community.

Respectfully submitted,

A handwritten signature in black ink that reads "Clarence G. Grier, CPA, CITP". The signature is written in a cursive style with some capital letters.

Clarence G. Grier, CPA, CITP
Financial Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orange County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



President

Executive Director

Board of County Commissioners

June 30, 2011



Bernadette Pelissier, Chair

Steve Yuhasz, Vice Chair

Valerie Foushee

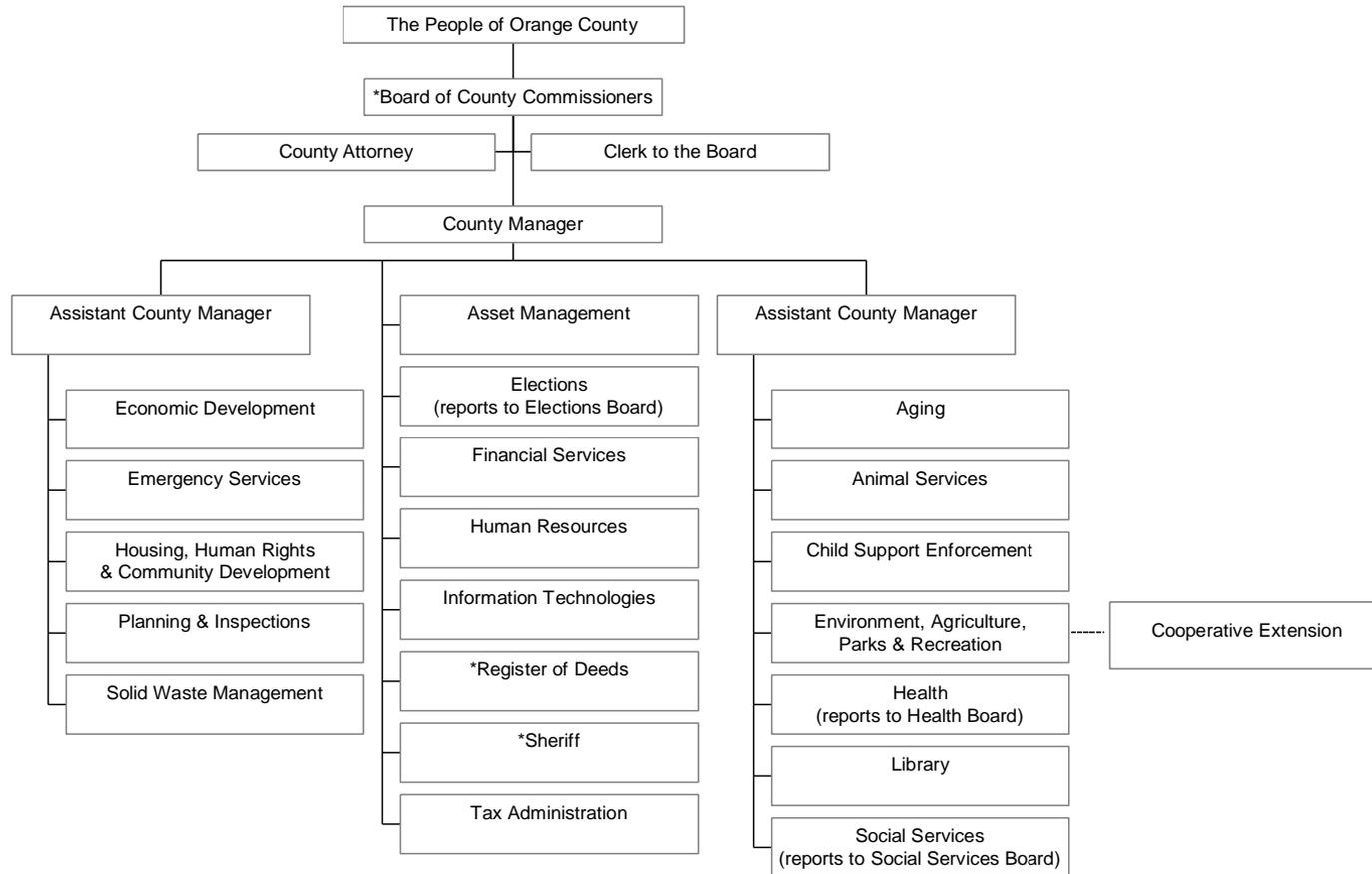
Alice M. Gordon

Pam Hemminger

Barry Jacobs

Earl McKee

Orange County Government



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Financial Section

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Orange County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Orange County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Orange County ABC Board (the "Board") which represents 100% of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The Board was not audited in accordance with *Government Auditing Standards*. 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 significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina, as of June 30, 2011, the respective changes in financial position and cash flows, where appropriate thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011, on our consideration of Orange County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 prepared in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of Orange County, North Carolina, as a whole. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables 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 and State 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 the State Single Audit Implementation Act, and is also not a required part of the basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 28, 2011

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

As management of the County, we offer readers of Orange County's (the "County") financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

The liabilities of the County exceeded its assets at the close of the fiscal year by \$60.1 million (net assets). In accordance with North Carolina law, liabilities of the County include approximately \$127.3 million in long-term debt associated with assets belonging to the Orange County Board of Education and the Chapel Hill-Carrboro City Board of Education. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a net deficit in net assets.

The government's total net assets increased by \$14.7 million. This increase results from a reduction of County expenditures/expenses to face the results of the economic recession.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$66 million, an increase of \$8.5 million in comparison with the prior year. This results mainly from increased General Fund revenues and proceeds from debt financing and other sources of capital project financing totaling \$11.9 million in the current year. Approximately 42.1 percent of the ending fund balance, or \$27.8 million, is available for spending at the government's discretion (unassigned fund balance). Of this amount, approximately \$5.0 million has been assigned for subsequent year's expenditures for programs, grants and capital purposes. Unassigned fund balance totals \$27.8 million.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$27.8 million, or 16 percent of total General Fund expenditures for the fiscal year.

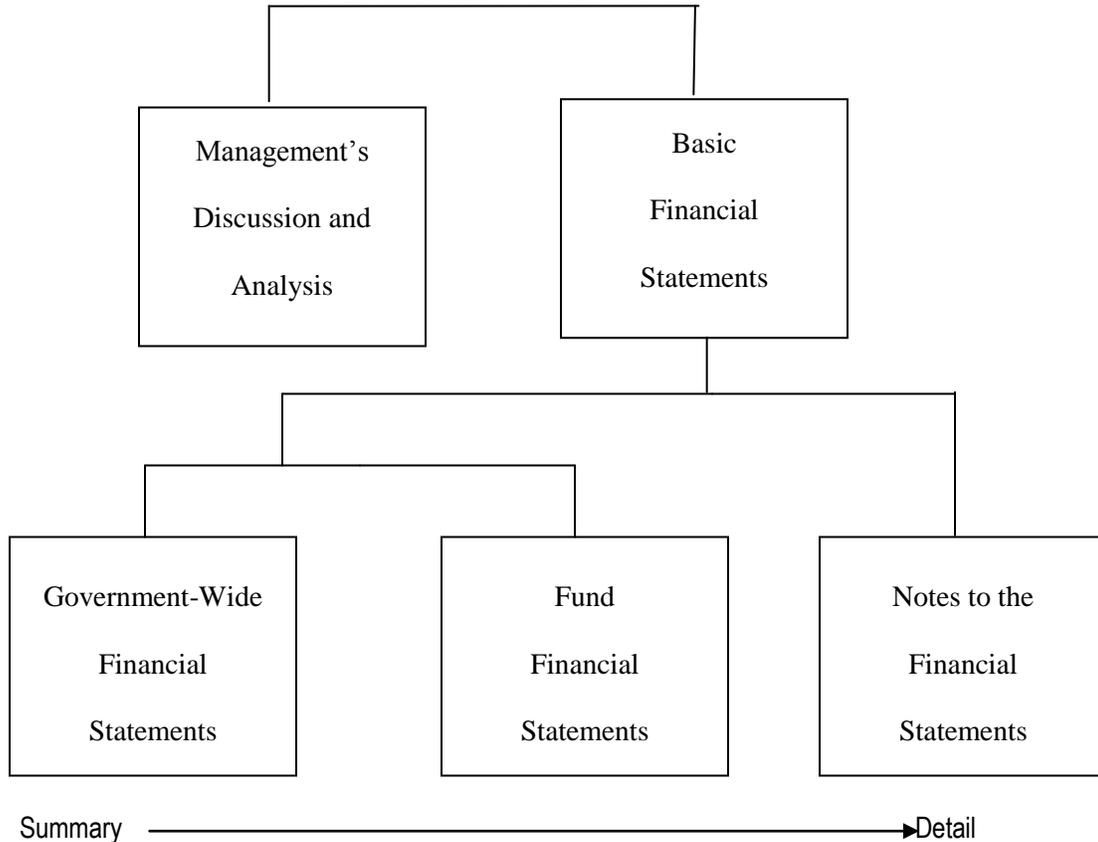
The County maintained its AAA (Fitch IBCA), Aa1 (Moody's Investor Services) and AA+ (Standard & Poor's) bond rating on general obligation bonds for the 14th consecutive year. During the year, all of the rating agencies reaffirmed the County's ratings.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

The next section of the basic financial statements is the **notes**. The notes to the basic financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services, such as general administration, taxation and records, community planning, community maintenance, human services, education, public safety, and public works. Property and other taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the sewer and landfill services and recreational services offered by the County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on pages 16 through 18 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a current financial resources focus. As a result, the governmental fund financial

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statements provided for the General Fund demonstrate how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language, and classifications as the Statement of Revenues, Expenditures, and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. The County has three kinds of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its sewer activity, for its landfill operations, and SportsPlex operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for one activity - its employee dental insurance program. Because this operation benefits predominantly governmental rather than business-type activities, the Internal Service Fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for assets the County holds on behalf of others. The County's fiduciary funds consist of seven agency funds.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements are on pages 29-69 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 70 of this report.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 78,036,440	\$ 68,149,649	\$ 14,407,394	\$ 12,031,762	\$ 92,443,834	\$ 80,181,411
Capital assets	104,891,105	104,552,090	15,564,145	16,915,611	120,455,250	121,467,701
Total assets	182,927,545	172,701,739	29,971,539	28,947,373	212,899,084	201,649,112
Long-term liabilities outstanding	239,651,266	244,191,450	22,100,249	20,841,512	261,751,515	265,032,962
Other liabilities	10,274,809	10,616,657	997,576	900,697	11,272,385	11,517,354
Total liabilities	249,926,075	254,808,107	23,097,825	21,742,209	273,023,900	276,550,316
Net assets:						
Invested in capital assets, net of related debt	33,142,313	31,659,037	6,877,907	7,762,990	40,020,220	39,422,027
Restricted	9,977,647	-	-	-	9,977,647	-
Unrestricted	(110,118,490)	(113,765,405)	(4,193)	(557,826)	(110,122,683)	(114,323,231)
Total net assets	\$ (66,998,530)	\$ (82,106,368)	\$ 6,873,714	\$ 7,205,164	\$ (60,124,816)	\$ (74,901,204)

As noted earlier, net assets may serve, over time, as one useful indicator of a government's financial condition. The liabilities of the County exceeded assets by \$60.1 million as of June 30, 2011. Net assets are reported in three categories: Invested in capital assets, net of related debt, of \$40 million, restricted nets assets of \$9.9 million, and unrestricted net deficit of \$110.1 million.

The invested in capital assets, net of related debt, category is defined as the County's investment in County-owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and sewer lines), less any related debt still outstanding that was issued to acquire those items. 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 the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. At June 30, 2011, the investment in capital assets, net of related debt, increased approximately \$598,000.

The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2011, the total net deficit reported of \$60.1 million is attributable to the unrestricted net deficit balance of (\$110.1) million, which results from the debt financing related to school assets.

As with many counties in the State of North Carolina, the County's deficit in unrestricted net assets is due primarily to the portion of the County's outstanding debt incurred for the two school systems located within the County. Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal obligation to provide the school systems capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the school systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$127.3 million of the outstanding debt on the County's financial statements was related to assets included in the school systems' financial statements. The majority of this school system related debt is general obligation debt, which is

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which such requirements become due. The majority of the non-general obligation debt is repaid from a combination of School systems impact fees, sales taxes earmarked for school capital, education lottery proceeds, and ad valorem property taxes allocated to school capital.

As noted earlier, the government's total net assets increased by \$14.7 million. This increase resulted from a combination of an increase in revenues in governmental activities and a decrease in expenses. This was in part offset by an increase in expenses in Business Activities. In addition, the following positive operational initiatives and results are noted:

- The County's continued diligence in the collection of property taxes by maintaining a collection percentage of approximately 99%, higher than the State-wide average of 97%.
- The County continued to lead the State in per pupil funding for education.
- The County issued short-term debt to finance the purchase of EMS vehicles, Sheriff radios, and time-management software.
- The County used proceeds from the issuance of Qualified Schools Construction Bonds (QSCB) to finance the construction of the C.W. Stanford Middle School Auditorium for the Orange County Schools District, and various roofing projects for the Chapel Hill-Carrboro School District.
- The unassigned fund balance in the County's General Fund reflected an increase of \$7 million from the prior year. This increase occurred primarily from increased tax collections and a decrease in expenditures that offset the loss of sales tax revenues. Unassigned fund balance is expected to increase in future fiscal years as the Board has committed to increasing fund balance with the return of improved economic conditions.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 12,532,375	\$ 11,926,481	\$ 10,980,033	\$ 10,724,011	\$ 23,512,408	\$ 22,650,492
Operating grants and contributions	24,934,383	25,180,675	414,853	434,968	25,349,236	25,615,643
Capital grants and contributions	5,578,325	4,270,546	-	-	5,578,325	4,270,546
General revenues:						
Property taxes	140,247,782	137,966,129	-	-	140,247,782	137,966,129
Other taxes	15,115,418	15,441,100	-	-	15,115,418	15,441,100
Other	102,822	627,687	15,753	118,693	118,575	746,380
Total revenues	198,511,105	195,412,618	11,410,639	11,277,672	209,921,744	206,690,290
Expenses:						
General government	23,192,706	30,192,850	-	-	23,192,706	30,192,850
General services	7,155,635	-	-	-	7,155,635	-
Community and environment	10,288,447	12,726,270	-	-	10,288,447	12,726,270
Human services	33,536,733	33,011,737	-	-	33,536,733	33,011,737
Education	74,053,776	66,641,699	-	-	74,053,776	66,641,699
Public safety	22,352,109	21,796,091	-	-	22,352,109	21,796,091
Cultural and recreation	1,802,668	1,007,304	-	-	1,802,668	1,007,304
Interest on long-term debt	8,948,063	10,495,788	-	-	8,948,063	10,495,788
Landfill	-	-	10,436,377	11,216,161	10,436,377	11,216,161
Sewer	-	-	401,689	305,171	401,689	305,171
Sportsplex	-	-	2,977,153	2,937,975	2,977,153	2,937,975
Total expenses	181,330,137	175,871,739	13,815,219	14,459,307	195,145,356	190,331,046
Increase (decrease) in net assets before transfers	17,180,968	19,540,879	(2,404,580)	(3,181,635)	14,776,388	16,359,244
Transfers	(2,073,130)	(994,900)	2,073,130	994,900	-	-
Increase(decrease) in net assets	15,107,838	18,545,979	(331,450)	(2,186,735)	14,776,388	16,359,244
Net Assets:						
Beginning of year - July 1	(82,106,368)	(100,652,347)	7,205,164	9,391,899	(74,901,204)	(91,260,448)
End of year - June 30	\$ (66,998,530)	\$ (82,106,368)	\$ 6,873,714	\$ 7,205,164	\$ (60,124,816)	\$ (74,901,204)

Governmental Activities. Governmental activities increased the County's net assets by \$15.1 million. Key elements of this increase are as follows:

- Increased property tax revenue.
- Decreased expenditures in Governing and Management due to the re-organizing departments within the County.
- Decreased expenditures for Human Services due to reduced Federal and State funds received.
- Decreased for Community and Environmental expenditures due to budget constraints.
- Decreased expenditures for interest on debt due to refunding and extinguishing debt.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

Business-Type Activities. Business-type activities decreased the County's net assets by only \$331,000. This decrease came from increases in operating losses in each of the three business activities combined with decreases in operating transfers and the fact that there was no capital contribution.

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 inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, available fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned balance of the General Fund was \$27.8 million, while total fund balance equaled \$37.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers. Unassigned fund balance represents 16 percent of total General Fund expenditures and transfers, while the total fund balance represents 21 percent of General Fund expenditures and transfers. The increase in fund balance resulted from revenues exceeding expenditures and transfers by \$5.8 million.

General Fund revenue at \$180.9 million was slightly higher than the final amended budget. Property tax revenue, which makes up 74.4% of General Fund budgeted revenue. The General Fund revenue was \$3.3 million more than budget. Property tax increased by \$1.01 million from last year, or 1% from last year, primarily due to a 1.1% increase in the property tax base. Property taxes exceed the budget by \$2.9 million due to increase collections and discoveries. Intergovernmental revenue, the second largest revenue source for the General Fund, decreased marginally largely reflecting decreases in Federal and State grant revenue related to the continued budgetary issues at the Federal and State levels due to the slow recovery of the economy. Sales tax revenue, which is the third largest revenue source, increased by \$652,000 from last year to \$15 million. This increase was due largely from receiving more funds from the tradeoff of the Article 44 sales tax/Medicaid funding. Additionally, sales tax revenues have increased as the economy recovers from the economic recession. Charges for services, licenses and permits, investment income, and miscellaneous revenues all came in either slightly higher or lower than budget. The total amount relative to budget was \$63,240 lower than the amended budget for the year.

General Fund expenditures decreased \$2.5 million from last year to \$176.4 million. Expenditures were \$5.3 million, or 3.0% under budget, which is below last year which was 4.0% below budget. This can be attributed, in part, to management's directive to departments to reduce non-essential expenditures, an extended freeze on capital expenditures and continued delay in filling of vacant positions. This step assisted in the increase of unassigned fund balance of the General Fund. Expenditures decreased by 4.3% from the previous fiscal year, which is less than the increase in the final budget from the prior year of 7.7%.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

General government expenditures had the largest decrease this fiscal year due to reduction made in operational expenditures for the function and the continued consolidation of departments. General Services expenditures had the second largest decrease due to reductions liability and workman's compensation insurance related expenditures. Public Safety expenditures increased \$2 million over the previous year due to expenditures incurred to reduce emergency service response times and the purchase of Sherriff equipment and vehicles. Debt Service expenditures increased due to the required principal and interest payments for the previous year debt issuances.

The County Capital Improvement Fund reflected a decrease in fund balance of \$3 million; the School Capital Improvement Fund reflected an increase in fund balance of \$4.9 million. The decrease in the County Capital Project Fund is primarily a result of expending proceeds from the prior year debt issuances and the current year issuance of \$2 million of installment debt and pay as you go transfers from the General Fund of \$.786 million offset by expenditures on a variety of projects. The school capital project fund increase was primarily the result of the receipt of \$5.1 million from the transfer of pay as you go revenue from the General Fund, and \$9.9 million of proceeds from Qualified School Construction Bonds issued offset by project expenditures. Lottery proceeds of \$2.8 million were used to pay school related debt service in the General Fund during the fiscal year.

As of June 30, 2011, the nonmajor governmental funds of the County reported a combined fund balance of \$6.5 million, an increase of \$763,000 from last year. This increase is attributable mainly to receipt of new grant funds and other sources in the various nonmajor governmental funds netted with reduced expenditures for older programs being closed during the fiscal year.

Proprietary Funds. As mentioned previously in Business-Type Activities, the net assets in the enterprise funds decreased by \$331,000. This decrease came primarily from increases in operating losses in each of the three business activities combined with decreases in operating transfers and the fact that there was no capital contribution. Revenue decreased slightly in all proprietary funds, but these increases were offset by increased in all three enterprise funds. The most significant increase in expenses relates to post-closure costs in the Solid Waste Enterprise Fund which went up by \$1.3 million.

General Fund Budgetary Highlights. During the 2011 budget year, the County had several noteworthy operational milestones in the area of General Fund operations. Once again, the County's annual contribution to public schools placed the County at the top of the rankings per pupil in expenditures among North Carolina's 100 counties. The Orange County and Chapel Hill-Carrboro City Schools continued to use these funds very effectively, compiling overall impressive results in student achievement tests and solidifying the reputations of both systems as excellent learning environments for young people.

In fiscal year 2011, the County's contribution to education funding, including operations, short and long-range capital needs and debt service obligations, totaled \$92.3 million, over 46.4 percent of the total governmental funds expenditures for the year.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

The County revised the budget on several occasions. Generally, budget amendments fall into one of four categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) carryover of funding for outstanding purchase orders at year-end related to significant commitments and projects; 3) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. In 2011, an additional appropriation from fund balance during the year of \$2.8 million was provided additional funding for school related capital projects. Total amendments to the General Fund increased appropriations by approximately \$6.4 million.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net assets in the proprietary funds at the end of the fiscal year amounted to \$(4,193). As previously indicated, the decrease in net assets for the proprietary funds was \$331,000. The primary factors affecting the decrease in these funds were addressed in the discussion of the County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2011 totals \$120.5 million (net of accumulated depreciation). These assets include land, buildings, automotive equipment, office and other equipment, and sewer lines.

The County Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 13,008,016	\$ 13,008,016	\$ 1,907,609	\$ 1,907,609	\$ 14,915,625	\$ 14,915,625
Land improvements	4,949,636	4,949,636	666,837	684,848	5,616,473	5,634,484
Water resources - Lake Orange	481,624	481,624	-	-	481,624	481,624
Buildings	68,356,315	71,074,411	9,107,864	9,359,403	77,464,179	80,433,814
Leasehold improvements	3,155,779	3,326,361	-	-	3,155,779	3,326,361
Sewer lines	-	-	2,628,386	2,819,819	2,628,386	2,819,819
Automotive equipment	1,587,734	1,258,797	-	-	1,587,734	1,258,797
Office and other equipment	1,865,651	1,750,687	1,078,515	1,968,998	2,944,166	3,719,685
Construction in progress	11,486,350	8,702,558	174,934	174,934	11,661,284	8,877,492
Total	<u>\$ 104,891,105</u>	<u>\$ 104,552,090</u>	<u>\$ 15,564,145</u>	<u>\$ 16,915,611</u>	<u>\$ 120,455,250</u>	<u>\$ 121,467,701</u>

Major capital asset transactions during the year include:

- Purchased Sheriff vehicles and other vehicles
- Purchased Sheriff radios, time-management software, ambulances, and upgrades to the existing County phone system
- Purchased various office equipment for day-to-day operations
- Purchased landfill equipment

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

Additional information on the County's capital assets can be found in Note 3 of the Basic Financial Statements.

Long-Term Debt. As of June 30, 2011, the County had total bonded debt outstanding of \$103.5 million, all of which is debt backed by the full faith and credit of the County. In addition, the County has several capital leases related to equipment financings outstanding of \$4.2 million and several installment notes with a total outstanding balance of \$117.4 million. A summary of total long-term debt and other long-term liabilities is shown in Figure 5.

The County's Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 103,490,000	\$ 112,520,000	\$ -	\$ -	\$ 103,490,000	\$ 112,520,000
Installment notes payable	109,732,855	109,163,100	7,661,447	8,147,896	117,394,302	117,310,996
Obligations under capital leases	3,200,000	2,049,520	1,024,791	1,004,725	4,224,791	3,054,245
Bond issuance items, net	920,334	1,160,617	-	-	920,334	1,160,617
Accrued compensated absences	3,378,378	3,260,837	249,623	200,685	3,628,001	3,461,522
Separation allowance	491,635	448,609	-	-	491,635	448,609
Post-closure liability	-	-	11,966,601	10,702,218	11,966,601	10,702,218
OPEB liability	18,438,064	15,588,767	1,197,787	785,988	19,635,851	16,374,755
Total	\$ 239,651,266	\$ 244,191,450	\$ 22,100,249	\$ 20,841,512	\$ 261,751,515	\$ 265,032,962

The County's total debt decreased by \$5.9 million, or 2.2% during the past fiscal year. The increase is mainly due to net of proceeds received for Qualified School Construction Bonds of \$9.9 million, increases in OPEB liability of \$3.3 million, and increases in the post-closure liability for the landfill of \$1.3, net principal payments for the outstanding debt obligations.

The County's most recent bond ratings, received in connection with the general obligation refunding bonds issued in February 2011, are shown below:

Moody's Investor Services	Aa1
Standard & Poor's	AA+
Fitch IBCA	AAA

These bond ratings are a clear indication of the sound financial condition of the County. The County is one of the few counties in the country that maintains the highest financial ratings from all major rating agencies. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is approximately \$1 billion. The County has \$234.3 million total net debt applicable to the limit. The County has \$11,455,000 in bonds authorized, but unissued, at June 30, 2011.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

Additional information regarding the County's long-term debt can be found in Note 6 on pages 58-64 of this report.

Economic Factors and Next Year's Budgets and Rates

The County's economy is characterized by a high degree of institutional and public-sector activity, plus office, commercial, and service-oriented businesses. Manufacturing and agriculture are smaller portions of the County's economy.

The County enjoys a consistently low unemployment rate. The unemployment rate estimated by the North Carolina Employment Security Commission for September 2011 was 7.4%, one of the lowest in the State.

The University of North Carolina at Chapel Hill and University Hospitals in the Town of Chapel Hill and their associated service, teaching, and research programs have a reputation for excellence in the educational and medical fields.

The County is also the place of residence for many technical, professional, and executive people who work in the Research Triangle Park and neighboring cities of Durham, Raleigh, and Burlington.

The Research Triangle refers to an area located among three municipalities: Chapel Hill, Durham, and Raleigh. In addition to the University of North Carolina at Chapel Hill, universities located in these municipalities include Duke University and North Carolina Central University in the City of Durham and North Carolina State University in the City of Raleigh. The proximity of these universities makes the Research Triangle area well suited to many types of research activities.

The Research Triangle Park (the "Park"), located 10 miles east of the County, contains 7,000 acres of land, which has been reserved for research and research-oriented manufacturing. Since its inception in the 1950s, over 145 private and governmental organizations have located facilities in the Park.

According to the Research Triangle Foundation, the Park represents a capital investment exceeding \$2.8 billion. As of June 2011, approximately 42,000 people were employed at the Park with an annual payroll of approximately \$2.7 billion with an average salary of \$57,500. Approximately 82% of the employees in the Park work for multi-national corporations. Because of its close proximity to the County and the fact that many of the Park's employees reside in the County, the impact of the Park on the County's economy is significant.

Budget Highlights for the Fiscal Year Ended June 30, 2012

Governmental Activities. The County has approved a \$178.2 million General Fund budget for fiscal year 2012 which represents a \$2.9 million, or 1.6% increase from fiscal year 2011. This budget was balanced by not increasing the property tax rate for the upcoming fiscal year. This was the second time in twenty years property taxes were not increased. The budgeted per pupil allocation for education was increased to \$3,102, which represents a \$6.00 per pupil increase from the previous year allocation of \$3,096. Additionally, the County intends to issue debt to fund the construction of an 11th elementary school for the Chapel Hill-Carrboro City School District in 2012.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

In reference to business-type activities, those budgets were decreased by \$1.2 million. The entire decrease was in the Solid Waste Enterprise Fund.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Financial Services for the County, 200 South Cameron Street, P.O. Box 8181, Hillsborough, North Carolina 27278.

Complete financial statements for the ABC Board may be obtained at its administrative office, Orange County ABC Board, 122 Highway 70 East, Hillsborough, North Carolina 27278.

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Basic Financial Statements

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ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Unit	Reporting Unit
	Governmental Activities	Business-Type Activities	Total	Orange County ABC Board	Total
Assets:					
Cash and investments	\$ 47,102,621	\$ 14,044,977	\$ 61,147,598	\$ 2,174,407	\$ 63,322,005
Receivables, property taxes, net	2,483,866	-	2,483,866	-	2,483,866
Receivables, federal intergovernmental	471,688	-	471,688	-	471,688
Receivables, State intergovernmental	6,691,578	67,486	6,759,064	-	6,759,064
Receivables, other	1,590,841	482,569	2,073,410	2,018	2,075,428
Inventories	115,521	-	115,521	1,288,886	1,404,407
Internal balances	202,983	(202,983)	-	-	-
Prepaid expenses	12,794	15,345	28,139	106,291	134,430
Restricted assets:					
Cash and investments	18,328,656	-	18,328,656	-	18,328,656
Other assets	1,035,892	-	1,035,892	10,572	1,046,464
Capital assets:					
Non-depreciable	29,925,626	2,082,543	32,008,169	441,096	32,449,265
Depreciable, net	74,965,479	13,481,602	88,447,081	1,257,018	89,704,099
Total assets	<u>182,927,545</u>	<u>29,971,539</u>	<u>212,899,084</u>	<u>5,280,288</u>	<u>218,179,372</u>
Liabilities:					
Accounts payable	3,997,138	484,044	4,481,182	498,609	4,979,791
Payroll withholdings	2,083,461	159,097	2,242,558	-	2,242,558
Accrued liabilities	3,859,443	189,524	4,048,967	416,861	4,465,828
Arbitrage payable	39,376	-	39,376	-	39,376
Unearned revenues	295,391	164,911	460,302	-	460,302
Long-term liabilities:					
Due within one year	20,696,544	1,054,188	21,750,732	-	21,750,732
Due in more than one year	218,954,722	21,046,061	240,000,783	-	240,000,783
Total liabilities	<u>249,926,075</u>	<u>23,097,825</u>	<u>273,023,900</u>	<u>915,470</u>	<u>273,939,370</u>
Net Assets:					
Invested in capital assets, net of related debt	33,142,313	6,877,907	40,020,220	1,698,114	41,718,334
Restricted for:					
Stabilization by State statute	8,727,555	-	8,727,555	-	8,727,555
Restricted, all other	1,250,092	-	1,250,092	-	1,250,092
Unrestricted	<u>(110,118,490)</u>	<u>(4,193)</u>	<u>(110,122,683)</u>	<u>2,666,704</u>	<u>(107,455,979)</u>
Total net assets	<u>\$ (66,998,530)</u>	<u>\$ 6,873,714</u>	<u>\$ (60,124,816)</u>	<u>\$ 4,364,818</u>	<u>\$ (55,759,998)</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Governing and management	\$ 23,192,706	\$ 1,884,548	\$ 791,121	\$ -
General Services	7,155,635	3,272,345	1,953,295	1,761,808
Community and environment	10,288,447	201,535	5,463,127	4,000
Human services	33,536,733	1,377,041	16,076,197	733,989
Education	74,053,776	-	-	3,078,528
Public safety	22,352,109	5,562,409	495,485	-
Cultural and recreational	1,802,668	234,497	155,158	-
Interest on long-term debt	8,948,063	-	-	-
Total governmental activities	<u>181,330,137</u>	<u>12,532,375</u>	<u>24,934,383</u>	<u>5,578,325</u>
Business-Type Activities:				
Landfill	10,436,377	8,171,232	414,853	-
Sewer	401,689	124,774	-	-
SportsPlex	2,977,153	2,684,027	-	-
Total business-type activities	<u>13,815,219</u>	<u>10,980,033</u>	<u>414,853</u>	<u>-</u>
Total primary government	<u>\$ 195,145,356</u>	<u>\$ 23,512,408</u>	<u>\$ 25,349,236</u>	<u>\$ 5,578,325</u>
Component Unit:				
ABC Board	<u>\$ 13,845,744</u>	<u>\$ 14,127,876</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Property taxes
 Sales tax
 Occupancy tax
 Unrestricted investment earnings
 Total general revenues
 Transfers
 Total general revenues and transfers

Change in net assets

Net Assets:

Beginning of year - July 1

End of year - June 30

The accompanying notes are an integral part of the financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	Reporting Unit
Governmental Activities	Business-Type Activities	Total	Orange County ABC Board	Total
\$ (20,517,037)	\$ -	\$ (20,517,037)	\$ -	\$ (20,517,037)
(168,187)	-	(168,187)	-	(168,187)
(4,619,785)	-	(4,619,785)	-	(4,619,785)
(15,349,506)	-	(15,349,506)	-	(15,349,506)
(70,975,248)	-	(70,975,248)	-	(70,975,248)
(16,294,215)	-	(16,294,215)	-	(16,294,215)
(1,413,013)	-	(1,413,013)	-	(1,413,013)
(8,948,063)	-	(8,948,063)	-	(8,948,063)
<u>(138,285,054)</u>	<u>-</u>	<u>(138,285,054)</u>	<u>-</u>	<u>(138,285,054)</u>
-	(1,850,292)	(1,850,292)	-	(1,850,292)
-	(276,915)	(276,915)	-	(276,915)
-	(293,126)	(293,126)	-	(293,126)
-	(2,420,333)	(2,420,333)	-	(2,420,333)
<u>(138,285,054)</u>	<u>(2,420,333)</u>	<u>(140,705,387)</u>	<u>-</u>	<u>(140,705,387)</u>
-	-	-	282,132	282,132
140,247,782	-	140,247,782	-	140,247,782
14,141,455	-	14,141,455	-	14,141,455
973,963	-	973,963	-	973,963
102,822	15,753	118,575	5,134	123,709
155,466,022	15,753	155,481,775	5,134	155,486,909
(2,073,130)	2,073,130	-	-	-
<u>153,392,892</u>	<u>2,088,883</u>	<u>155,481,775</u>	<u>5,134</u>	<u>155,486,909</u>
15,107,838	(331,450)	14,776,388	287,266	15,063,654
<u>(82,106,368)</u>	<u>7,205,164</u>	<u>(74,901,204)</u>	<u>4,077,552</u>	<u>(70,823,652)</u>
<u>\$ (66,998,530)</u>	<u>\$ 6,873,714</u>	<u>\$ (60,124,816)</u>	<u>\$ 4,364,818</u>	<u>\$ (55,759,998)</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	County Capital Improvements	School Capital Improvements	Other Governmental Funds	
Assets:					
Cash and investments	\$ 34,723,620	\$ 2,204,752	\$ 3,557,070	\$ 6,327,425	\$ 46,812,867
Accounts receivable, property taxes, net	2,380,323	-	-	103,543	2,483,866
Accounts receivable, federal	421,138	-	-	50,550	471,688
Accounts receivable, State	6,528,878	18,900	-	143,800	6,691,578
Accounts receivable, other	292,824	-	-	1,298,017	1,590,841
Inventories	115,521	-	-	-	115,521
Due from other funds	136,000	66,983	-	-	202,983
Prepays	12,794	-	-	-	12,794
Restricted cash and investments	55,279	8,852,909	9,420,468	-	18,328,656
Total assets	\$ 44,666,377	\$ 11,143,544	\$ 12,977,538	\$ 7,923,335	\$ 76,710,794
Liabilities:					
Accounts payable	\$ 1,851,731	\$ 521,554	\$ 1,418,176	\$ 194,754	\$ 3,986,215
Accrued payroll and withholdings	2,083,461	-	-	-	2,083,461
Accrued liabilities	770,584	-	-	-	770,584
Arbitrage payable	-	14,637	24,739	-	39,376
Deferred revenue	2,675,714	-	-	1,143,862	3,819,576
Total liabilities	7,381,490	536,191	1,442,915	1,338,616	10,699,212
Fund Balances:					
Non-spendable:					
Prepaid items	12,794	-	-	-	12,794
Inventories	115,521	-	-	-	115,521
Restricted for:					
Stabilization for State statute	8,189,624	85,883	-	452,048	8,727,555
Restricted, all other	-	8,852,909	9,420,468	1,250,092	19,523,469
Committed:	53,524	1,668,561	2,114,155	1,044,402	4,880,642
Assigned:	1,131,417	-	-	3,838,177	4,969,594
Unassigned	27,782,007	-	-	-	27,782,007
Total fund balances	37,284,887	10,607,353	11,534,623	6,584,719	66,011,582
Total liabilities and fund balances	\$ 44,666,377	\$ 11,143,544	\$ 12,977,538	\$ 7,923,335	\$ 76,710,794

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Ending fund balance - governmental funds	\$ 66,011,582
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	104,891,105
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,524,185
Accrued liabilities that do not pay for current financial obligations are not recorded in the governmental funds. This is the amount of accrued interest on long-term debt.	(3,088,859)
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 is the amount of the deferred loan costs from the cost to issue debt.	1,035,892
Internal service funds are used by management to charge the costs of dental insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	278,831
Long-term liabilities, including bonds payable and other post-employment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(239,651,266)</u>
Net assets of governmental activities	<u>\$ (66,998,530)</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Major Funds			Nonmajor	Total Governmental Funds
	General	County	School	Other	
		Capital Improvements	Capital Improvements	Governmental Funds	
Revenues:					
Property taxes	\$ 134,648,327	\$ -	\$ -	\$ 4,463,971	\$ 139,112,298
Sales tax	15,115,418	-	-	-	15,115,418
Intergovernmental revenues	20,296,480	1,761,798	-	7,059,784	29,118,062
Charges for services	9,588,788	-	-	723,216	10,312,004
Investment earnings	69,217	12,141	11,667	9,361	102,386
Licenses and permits	403,014	-	-	-	403,014
Impact fees	-	-	-	1,459,901	1,459,901
Miscellaneous	768,149	698,781	-	266,287	1,733,217
Total revenues	<u>180,889,393</u>	<u>2,472,720</u>	<u>11,667</u>	<u>13,982,520</u>	<u>197,356,300</u>
Expenditures:					
Current:					
Governing and management	11,547,032	-	-	-	11,547,032
General services	5,285,044	-	-	1,431,127	6,716,171
Community and environment	5,901,460	-	-	5,952,159	11,853,619
Human services	32,458,750	-	-	631,313	33,090,063
Education	63,912,513	-	-	-	63,912,513
Public safety	18,658,990	-	-	3,984,192	22,643,182
Culture and recreation	1,810,933	-	-	-	1,810,933
Capital outlay	-	8,234,884	10,141,263	-	18,376,147
Debt service:					
Principal	18,715,710	-	-	-	18,715,710
Interest and fees	9,909,939	-	-	-	9,909,939
Total expenditures	<u>168,200,371</u>	<u>8,234,884</u>	<u>10,141,263</u>	<u>11,998,791</u>	<u>198,575,309</u>
Revenues over (under) expenditures	<u>12,689,022</u>	<u>(5,762,164)</u>	<u>(10,129,596)</u>	<u>1,983,729</u>	<u>(1,219,009)</u>
Other Financing Sources (Uses):					
Installment loan issuances	-	2,000,000	9,899,439	-	11,899,439
Transfer in	1,339,227	786,603	5,159,091	345,966	7,630,887
Transfers out	(8,220,776)	(68,000)	-	(1,566,121)	(9,854,897)
Total other financing sources (uses)	<u>(6,881,549)</u>	<u>2,718,603</u>	<u>15,058,530</u>	<u>(1,220,155)</u>	<u>9,675,429</u>
Net change in fund balances	5,807,473	(3,043,561)	4,928,934	763,574	8,456,420
Fund Balances:					
Beginning of year - July 1	<u>31,477,414</u>	<u>13,650,914</u>	<u>6,605,689</u>	<u>5,821,145</u>	<u>57,555,162</u>
End of year - June 30	<u>\$ 37,284,887</u>	<u>\$ 10,607,353</u>	<u>\$ 11,534,623</u>	<u>\$ 6,584,719</u>	<u>\$ 66,011,582</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 8,456,420
<p>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 components of the change are as follows:</p>	
Capital outlay	5,170,800
Depreciation expense	(4,269,585)
Other capital adjustments	(219,586)
Capital asset contributions to proprietary funds	(342,614)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Change in deferred revenue	1,135,484
<p>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 accounts.</p>	
	(146,986)
<p>Expenses in the Statement of Activities that do not pay for current financial obligations are not reported as expenditures in the governmental funds. This adjustment is the amount of accrued interest on long-term debt.</p>	
	868,579
<p>The issuance of long-term debt provides for current financial resources of governmental funds. This amount is the proceeds on debt issuances recoded in the governmental funds.</p>	
	(11,899,439)
<p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the principal payments recorded in the governmental funds.</p>	
	18,715,711
<p>Debt previously included in governmental type funds transferred to proprietary funds.</p>	
	493,494
<p>Expenses related to OPEB liability, compensated absences, and net pension obligation in the Statement of Activities that do not pay for current financial obligations are not reported as expenditures in the governmental funds. This adjustment is the amount of change in these balances in the current year.</p>	
	(2,769,581)
<p>The Internal Service Fund is used by management to charge the costs of dental insurance.</p>	
	<u>(84,859)</u>
Change in net assets of governmental activities	<u>\$ 15,107,838</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 131,790,738	\$ 131,790,742	\$ 134,648,327	\$ 2,857,585
Sales tax	14,463,000	14,463,000	15,115,418	652,418
Intergovernmental revenues	16,675,441	20,502,573	20,296,480	(206,093)
Charges for services	9,509,957	9,640,310	9,588,788	(51,522)
Investment earnings	140,000	140,000	69,164	(70,836)
Licenses and permits	313,000	313,000	403,014	90,014
Miscellaneous	698,884	729,463	768,149	38,686
Total revenues	<u>173,591,020</u>	<u>177,579,088</u>	<u>180,889,340</u>	<u>3,310,252</u>
Expenditures:				
Governing and management	13,207,440	13,421,892	11,547,032	(1,874,860)
General services	5,623,512	5,813,548	5,285,044	(528,504)
Community and environment	6,017,577	6,005,760	5,834,559	(171,201)
Human services	32,405,758	34,059,076	32,458,750	(1,600,326)
Education	63,912,513	63,912,513	63,912,513	-
Public safety	18,198,110	19,748,046	18,658,990	(1,089,056)
Cultural and recreational	1,771,472	1,845,890	1,810,933	(34,957)
Debt service:				
Principal	18,778,388	18,778,388	18,715,710	(62,678)
Interest and fees	9,854,057	9,854,057	9,909,939	55,882
Total expenditures	<u>169,768,827</u>	<u>173,439,170</u>	<u>168,133,470</u>	<u>(5,305,700)</u>
Revenues over (under) expenditures	<u>3,822,193</u>	<u>4,139,918</u>	<u>12,755,870</u>	<u>8,615,952</u>
Other Financing Sources (Uses):				
Transfer in	1,321,227	1,389,227	1,339,227	(50,000)
Transfer out	(5,545,093)	(8,305,776)	(8,305,776)	-
Appropriated fund balance	401,673	2,776,631	-	(2,776,631)
Total other financing sources (uses)	<u>(3,822,193)</u>	<u>(4,139,918)</u>	<u>(6,966,549)</u>	<u>(2,826,631)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,789,321	<u>\$ 5,789,321</u>
Fund Balance:				
Beginning of year - July 1			<u>31,442,042</u>	
End of year - June 30			<u>\$ 37,231,363</u>	

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Major		Nonmajor	Total	Internal Service Fund
	Solid Waste Fund	SportsPlex Fund	Efland Sewer Fund	Enterprise Funds	Dental Insurance Fund
Assets:					
Current assets:					
Cash and cash equivalents	\$ 12,941,892	\$ 943,412	\$ 159,673	\$ 14,044,977	\$ 289,754
Accounts receivable, state	67,486	-	-	67,486	-
Accounts receivable, other	422,157	60,412	-	482,569	-
Prepaid expenses	-	15,345	-	15,345	-
Total current assets	<u>13,431,535</u>	<u>1,019,169</u>	<u>159,673</u>	<u>14,610,377</u>	<u>289,754</u>
Non-current assets:					
Non-depreciable assets	1,617,824	407,602	57,117	2,082,543	-
Capital assets, net of depreciation	<u>4,806,084</u>	<u>6,047,132</u>	<u>2,628,386</u>	<u>13,481,602</u>	<u>-</u>
Total non-current assets	<u>6,423,908</u>	<u>6,454,734</u>	<u>2,685,503</u>	<u>15,564,145</u>	<u>-</u>
Total assets	<u>19,855,443</u>	<u>7,473,903</u>	<u>2,845,176</u>	<u>30,174,522</u>	<u>289,754</u>
Liabilities and Net Assets:					
Liabilities:					
Current liabilities:					
Accounts payable	432,282	16,706	35,056	484,044	10,923
Payroll withholdings	147,355	11,742	-	159,097	-
Accrued liabilities	24,247	-	-	24,247	-
Accrued interest	87,314	77,963	-	165,277	-
Due to other funds	-	-	202,983	202,983	-
Unearned revenues	-	164,911	-	164,911	-
Current portion of long-term debt	549,784	354,631	-	904,415	-
Compensated absences, current portion	149,773	-	-	149,773	-
Total current liabilities	<u>1,390,755</u>	<u>625,953</u>	<u>238,039</u>	<u>2,254,747</u>	<u>10,923</u>
Non-current liabilities:					
Compensated absences	99,850	-	-	99,850	-
Post-closing liability	11,966,601	-	-	11,966,601	-
OPEB liability	1,197,787	-	-	1,197,787	-
Long-term debt	<u>2,345,003</u>	<u>5,436,820</u>	<u>-</u>	<u>7,781,823</u>	<u>-</u>
Total non-current liabilities	<u>15,609,241</u>	<u>5,436,820</u>	<u>-</u>	<u>21,046,061</u>	<u>-</u>
Total liabilities	<u>16,999,996</u>	<u>6,062,773</u>	<u>238,039</u>	<u>23,300,808</u>	<u>10,923</u>
Net Assets:					
Invested in capital assets, net of related debt	3,529,121	663,283	2,685,503	6,877,907	-
Unrestricted	<u>(673,674)</u>	<u>747,847</u>	<u>(78,366)</u>	<u>(4,193)</u>	<u>278,831</u>
Total net assets	<u>\$ 2,855,447</u>	<u>\$ 1,411,130</u>	<u>\$ 2,607,137</u>	<u>\$ 6,873,714</u>	<u>\$ 278,831</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Major		Nonmajor	Total	Internal Service Fund
	Solid Waste Fund	SportsPlex Fund	Efland Sewer Fund	Enterprise Funds	Dental Insurance Fund
Operating Revenues:					
Landfill fees	\$ 8,021,936	\$ -	\$ -	\$ 8,021,936	\$ -
Service fees	-	2,644,052	124,774	2,768,826	-
Grant funding	-	39,975	-	39,975	-
Other	149,296	-	-	149,296	-
Employee contributions	-	-	-	-	377,672
Total operating revenues	<u>8,171,232</u>	<u>2,684,027</u>	<u>124,774</u>	<u>10,980,033</u>	<u>377,672</u>
Operating Expenses:					
Landfill	5,899,583	-	-	5,899,583	-
General and administrative	1,772,061	2,439,459	170,272	4,381,792	24,387
Repairs and maintenance	-	-	39,984	39,984	-
Depreciation	1,351,219	270,072	191,433	1,812,724	-
Post-closing cost	1,264,383	-	-	1,264,383	-
Claims expense	-	-	-	-	438,580
Total operating expenses	<u>10,287,246</u>	<u>2,709,531</u>	<u>401,689</u>	<u>13,398,466</u>	<u>462,967</u>
Operating income (loss)	<u>(2,116,014)</u>	<u>(25,504)</u>	<u>(276,915)</u>	<u>(2,418,433)</u>	<u>(85,295)</u>
Non-Operating Revenues (Expenses):					
Investment earnings	15,575	-	178	15,753	436
Interest and fees	(149,131)	(267,622)	-	(416,753)	-
Grant - State	<u>414,853</u>	<u>-</u>	<u>-</u>	<u>414,853</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>281,297</u>	<u>(267,622)</u>	<u>178</u>	<u>13,853</u>	<u>436</u>
Income (loss) before contributions and transfers	<u>(1,834,717)</u>	<u>(293,126)</u>	<u>(276,737)</u>	<u>(2,404,580)</u>	<u>(84,859)</u>
Capital contribution	342,614	-	-	342,614	-
Transfers in	1,403,060	725,000	95,950	2,224,010	-
Transfers out	<u>(493,494)</u>	<u>-</u>	<u>-</u>	<u>(493,494)</u>	<u>-</u>
Total contributions and transfers	<u>1,252,180</u>	<u>725,000</u>	<u>95,950</u>	<u>2,073,130</u>	<u>-</u>
Change in net assets	(582,537)	431,874	(180,787)	(331,450)	(84,859)
Net Assets:					
Beginning of year - July 1	<u>3,437,984</u>	<u>979,256</u>	<u>2,787,924</u>	<u>7,205,164</u>	<u>363,690</u>
End of year - June 30	<u>\$ 2,855,447</u>	<u>\$ 1,411,130</u>	<u>\$ 2,607,137</u>	<u>\$ 6,873,714</u>	<u>\$ 278,831</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Major</u>		<u>Nonmajor</u>	<u>Total</u> Enterprise Funds	<u>Internal</u> <u>Service Fund</u>
	<u>Solid Waste</u> <u>Fund</u>	<u>SportsPlex</u> <u>Fund</u>	<u>Efland Sewer</u> <u>Fund</u>		<u>Dental</u> <u>Insurance</u> <u>Fund</u>
Cash Flows from Operating Activities:					
Cash received from customers	\$ 7,980,483	\$ 2,704,523	\$ -	\$ 10,685,006	\$ -
Cash received from assessments	-	-	124,774	124,774	-
Cash received from employee contributions	-	-	-	-	377,672
Cash paid to employees	544,880	11	-	544,891	-
Cash paid for goods and services	(7,659,976)	(2,477,769)	(208,617)	(10,346,362)	(24,387)
Cash paid for claims	-	-	-	-	(450,254)
Net cash provided (used) by operating activities	<u>865,387</u>	<u>226,765</u>	<u>(83,843)</u>	<u>1,008,309</u>	<u>(96,969)</u>
Cash Flows from Non-Capital Financing Activities:					
Transfers in	1,403,060	725,000	95,950	2,224,010	-
Non-capital grants	<u>414,853</u>	<u>-</u>	<u>-</u>	<u>414,853</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>1,817,913</u>	<u>725,000</u>	<u>95,950</u>	<u>2,638,863</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Payments related to the acquisition of capital assets	-	(118,644)	-	(118,644)	-
Interest paid on long-term debt	(61,813)	(272,639)	-	(334,452)	-
Proceeds on debt issuance	-	-	-	-	-
Payments related to the payment of debt	<u>(583,437)</u>	<u>(376,444)</u>	<u>-</u>	<u>(959,881)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(645,250)</u>	<u>(767,727)</u>	<u>-</u>	<u>(1,412,977)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>15,575</u>	<u>-</u>	<u>178</u>	<u>15,753</u>	<u>436</u>
Net increase (decrease) in cash and cash equivalents	2,053,625	184,038	12,285	2,249,948	(96,533)
Cash and Cash Equivalents:					
Beginning of year - July 1	<u>10,888,267</u>	<u>759,374</u>	<u>147,388</u>	<u>11,795,029</u>	<u>386,287</u>
End of year - June 30	<u>\$ 12,941,892</u>	<u>\$ 943,412</u>	<u>\$ 159,673</u>	<u>\$ 14,044,977</u>	<u>\$ 289,754</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Major</u>		<u>Nonmajor</u>	<u>Total</u>	<u>Internal Service Fund</u>
	<u>Solid Waste Fund</u>	<u>SportsPlex Fund</u>	<u>Efland Sewer Fund</u>	<u>Enterprise Funds</u>	<u>Dental Insurance Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (2,116,014)	\$ (25,504)	\$ (276,915)	\$ (2,418,433)	\$ (85,295)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,351,219	270,072	191,433	1,812,724	-
Post-closure cost	1,264,383	-	-	1,264,383	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(190,749)	18,092	-	(172,657)	-
(Increase) decrease in prepaid expenses	-	1,445	-	1,445	-
Increase (decrease) in accounts payable and accrued liabilities	144,749	(39,755)	1,639	106,633	(11,674)
Increase (decrease) in compensated absences payable	-	11	-	11	-
Increase (decrease) in unearned revenues	-	2,404	-	2,404	-
Increase (decrease) in other post-employment benefits	411,799	-	-	411,799	-
Net cash provided (used) by operating activities	<u>\$ 865,387</u>	<u>\$ 226,765</u>	<u>\$ (83,843)</u>	<u>\$ 1,008,309</u>	<u>\$ (96,969)</u>
Non-Cash Capital and Related Financing Activities:					
Contributed capital assets	<u>\$ 342,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,614</u>	<u>\$ -</u>
Debt assumed	<u>\$ 493,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,494</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011**

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 478,594
Accounts receivable, property taxes, net	271,877
Accounts receivable, other	<u>2,762</u>
Total assets	<u>\$ 753,233</u>
Liabilities:	
Accounts payable	\$ 690,215
Due to cooperative extension	<u>63,018</u>
Total liabilities	<u>\$ 753,233</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

1. Summary of Significant Accounting Policies

Orange County, North Carolina (the "County"), was founded in 1752 and is located in the north-central portion of North Carolina on the Piedmont Plateau. The County has a commissioner/manager form of government with a seven-member elected Board of Commissioners comprising the governing body. The County provides the following services to its citizens: public health, public safety, mental health, social service programs, planning and zoning, cultural and recreational programs, and housing and community development service programs. In addition, inspections, environmental resources, land records, and vital statistics information are provided. Elementary and secondary education is provided by the State through locally elected educational boards with the assistance of the County.

The accounting policies of Orange County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a seven-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The Orange County ABC Board, which has a June 30 year-end, is presented as if it was a separate Proprietary Fund of the County (discrete presentation). The Orange County ABC Board is presented in a separate column in the County's financial statements to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

Orange County ABC Board. The Orange County Board of Alcoholic Beverage Control ("ABC Board") operates retail liquor stores within the County and investigates violations of laws pertaining to retail liquor sales. The five members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.

Complete financial statements for the ABC Board may be obtained at its administrative office.

Orange County ABC Board
122 Highway 70 East
Hillsborough, North Carolina 27278

Orange County Industrial Facility and Pollution Control Financing Authority

Orange County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a three-member Board of Commissioners, all of who are appointed by the County Commissioners. The County can remove any commissioner of the

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Authority does not issue separate financial statements.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements in all material areas. 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary Fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The Property Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is presented in the General Fund.

County Capital Improvements Capital Project Fund. This fund accounts for the financial resources used in the acquisition, renovation, and improvement of public facilities.

School Capital Improvements Capital Project Fund. This fund accounts for the financial resources used in the construction, acquisition, and renovation of public school facilities.

The County reports the following major enterprise funds:

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Solid Waste Fund. This fund is used to account for the revenues and expenses related to the provision of solid waste disposal and recycling activities for the citizens of Orange County.

SportsPlex Fund. This fund accounts for the revenues and expenses related to the provision of the Triangle SportsPlex.

Additionally, the County reports the following fund types:

Other nonmajor governmental funds: Impact Fee, Community Development, School Capital Reserve, Section 8 Housing, Grant Supported, Grant Projects, Emergency Telephone System, Visitors' Bureau, Local Fire Districts, Heusner, Library Development, Adoption Enhancement, Recreation Subdivision, Spay Neuter, and County Capital Reserve.

Efland Sewer Fund. This fund accounts for the revenues and expenses related to the provision of sewer service.

Internal Service Fund. The Dental Self-Insurance Fund accounts for the dental plan of the County.

Agency Funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: School District Fund, which accounts for the collection and disbursement of taxes for the Chapel Hill-Carrboro City School District for which the County acts as an agent; the Cooperative Extension 4-H Fund, which accounts for the receipts and disbursement of funds on behalf of the 4-H program advisory board; Hyconeechee Regional Library Fund, which accounts for the receipt and disbursement of funds on behalf of the Hyconeechee Library System for which the County acts as an agent; American Stone No Fault Well Repair Fund, which accounts for funds made available from American Stone and the Orange Water and Sewer Authority for residents within 3,000 feet of the perimeter of the American Stone Quarry to repair or replace residential wells that fail for any reason other than as the probable result of American Stone quarry operation; Communication Tower Trust Fund, which is used to account for application fees paid to the County by telecommunication companies, with these fees being used to pay costs associated with determining tower location and construction with unused fees being returned to the telecommunication companies; Jail Inmate Trust Fund, which accounts for the receipts from jail inmates who are incarcerated in the County jail; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County, the DSS Trust Fund that accounts for funds held by the County for subsistence needs of specific social service clients; and the Register of Deeds Trust Fee Fund that accounts for the five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust mortgage that the County is required to submit to the State Treasurer on a monthly basis.

Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving or (giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu-of taxes, where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the County's enterprise funds and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes, as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Long-term debt issued and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax collected and held by the State at year-end on behalf of the County, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, then by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (except for where project ordinances are adopted), and the enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Community Development Special Revenue Fund, the Grant Projects Special Revenue Fund, the Adoption Enhancement Special Revenue Fund, and the capital projects funds.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is authorized to transfer budget amounts within the functional categories in any fund; however, any revisions that alter total expenditures of any functional category or fund must be approved by the Board of County Commissioners. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

The following summarizes the supplementary appropriations made during 2011:

	<u>Original Budget</u>	<u>Total Amendments</u>	<u>Revised Budget</u>
General Fund	\$ 175,313,920	\$ 6,433,022	\$ 181,746,942
Capital Project Funds:			
County Capital Improvements	139,969,576	(38,506,941)	101,462,635
School Capital Improvements	505,387,946	(476,598,854)	28,789,092
Special Revenue Funds:			
Impact Fee	-	800,000	800,000
Property Revaluation	131,349	-	131,349
Community Development	10,474,325	8,620,765	19,095,090
Housing Fund	4,683,449	-	4,683,449
Grant Supported Projects	547,517	84,521	632,038
Grant Projects Fund	13,550,905	(748,987)	12,801,918
Emergency Telephone System	424,276	55,042	479,318
Visitor's Bureau	975,555	277,380	1,252,935
Fire Districts	3,382,354	20,000	3,402,354
Spay and Neuter	33,500	10,000	43,500
Adoption Enhancement	90,756	414,645	505,401
Recreation Subdivision	-	656,481	656,481
Enterprise Funds:			
Solid Waste/Landfill	10,018,373	462,086	10,480,459
Efland Sewer Operating	214,950	-	214,950
SportsPlex	3,125,000	95,720	3,220,720

Unencumbered annual appropriations lapse at each fiscal year-end and must be reappropriated in the following fiscal year's budget.

Open encumbrances are reported as restricted fund balance at June 30, 2011.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

D. Assets, Liabilities, and Fund Equity

Deposits and Investments

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Unexpended bond and installment purchase proceeds are considered restricted assets because their use is completely restricted to the purpose for which the bonds and installment purchase proceeds were originally issued. Total unspent bond and installment purchase proceeds are \$18,273,377 at June 30, 2011. The restricted assets in the General Fund represent Property Tax Revaluation Fund money of \$55,279, which is restricted per North Carolina General Statute 153A-150.

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

These taxes are based on the assessed values as of January 1, 2010. On June 30, the end of the fiscal year, property taxes receivable are materially past due and, consequently, cannot be considered a resource with which to pay liabilities of the current period, although the amount due is measurable. Therefore, property taxes receivable are recorded net of an allowance for estimated uncollectible delinquent taxes, with the amount of the net receivable recorded as deferred revenue until collected. These amounts are recorded as revenue in the government-wide statements.

A revaluation of all real property is required to be performed no less than every eight years. The County performs a revaluation every four years. The last revaluation affecting these financial statements was completed on January 1, 2005.

Property taxes, other than taxes for special districts, are levied under the "single tax levy" concept; whereby, all tax revenues are recorded as revenues of the General Fund.

As permitted by the North Carolina General Statutes, the County has adopted a policy of treating all collections of property taxes which are delinquent in excess of two years as revenues of the General Fund, regardless of the fund for which the property tax was originally levied.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Concentrations of Credit Risk

The County is engaged primarily in governmental activities. The County performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers.

Inventories and Prepaid Items

Inventories of the County are valued at cost (first-in, first-out). The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased.

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

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an individual cost of \$5,000 or more. Purchased or constructed capital assets are recorded at original cost at the time of acquisition. Donated capital assets are recorded at their estimated fair value at the time received. Public domain (infrastructure) capital assets have been included in the capital asset balances reported. The cost of normal maintenance and repairs that do not add value to the asset or materially extend assets' lives are not capitalized.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The County holds title to certain Orange County Board of Education and Chapel Hill-Carrboro City Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Orange County Board of Education and Chapel Hill-Carrboro City Board of Education.

Capital assets are depreciated on a straight-line basis over the following estimated useful lives to the cost of the assets:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings and land improvements	20-30 years
Automotive equipment	3-5 years
Office and other equipment	5-20 years
Sewer lines	40 years

Long-Term Obligations

In the government-wide financial statements and in the 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, business-type activities, or proprietary fund Statement of Net Assets.

In the fund financial statements for governmental fund types, the face amount of the debt issued is reported as an other financing source.

Compensated Absences

Permanent employees of the County can earn vacation leave at the rate of 12 days per year for the first two years up to a maximum of 24 days per year after 20 years. Vacation leave may be accumulated with a maximum until January 31 of each year. On that date, any accumulated vacation leave in excess of 240 hours is converted to sick leave. The maximum amount of vacation leave that can be carried forward to February 1 is 240 hours. At termination, employees are paid for any accumulated vacation leave. These amounts are paid from the same fund to which the employee's salary is charged. Accumulated vacation leave and salary related payments at June 30, 2011 amounted to \$3,378,377 for governmental activities and \$249,623 for business-type activities.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Permanent employees of the County earn sick leave at a rate of 12 days per year. There is no limit on the accumulation of sick leave for the County. Accumulated sick leave for the County at June 30, 2011 amounted to \$11,049,425 in total, \$10,269,299 of which relates to the governmental funds and \$780,126 which relates to the enterprise funds. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

Net Assets/Fund Balances

Net Assets

Net assets in the government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute.

As with many counties in the State of North Carolina, the County's deficit in unrestricted net assets is due primarily to the portion of the County's outstanding general obligation and installment debt totaling approximately \$127.3 million incurred for the Orange County and the Chapel Hill-Carrboro City Boards of Education (the "school system"). Under North Carolina law, the County is responsible for providing school system capital funding and has done so using a mixture of County funds and general obligation debt. The deficit results because the debt is recorded on the County's financial statements as the issuing government, while the related assets are owned, operated, and recorded in the school system's financial statements.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Prepaid items – portion of fund balance that is not an available resource because it represents prepaid amounts, which are not spendable resources.

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Stabilization by State Statute – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

Restricted for Governing and Management – portion of fund balance that is restricted by revenue source for general government administration.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities, such as law enforcement, fire protection, EMS, and E-911 communications.

Restricted for Community and Environment – portion of fund balance restricted by revenue source for use for planning, economic development, and other related activities.

Restricted for Education – portion of fund balance restricted by revenue source to be used to support public education.

Restricted fund balance at June 30, 2011 is as follows:

<u>Purpose</u>	<u>County Capital Improvements</u>	<u>School Capital Improvements</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
Restricted, all other:				
Education	\$ -	\$ 9,420,468	\$ -	\$ 9,420,468
Governing and management	8,852,909	-	-	8,852,909
Public safety			885,111	885,111
Community and environment	-	-	364,981	364,981
Total	<u>\$ 8,852,909</u>	<u>\$ 9,420,468</u>	<u>\$ 1,250,092</u>	<u>\$ 19,523,469</u>

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Orange County's governing body (highest level of decision making authority, the Board of Commissioners). Any changes or removal of specific purpose restrictions requires majority action by the governing body.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Committed for Human Services – portion of fund balance budgeted by the Board for social services, mental healthcare, and public health programs.

Committed for Education – represents the portion of fund balance committed by the governing body for future capital related purposes.

Committed for Governing and Management – represents the portion of fund balance committed by the governing body for general government administration.

Committed for General Services – represents the portion of fund balance committed by the governing body for general services related activities.

Committed fund balance at June 30, 2011 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>County Capital Improvements</u>	<u>School Capital Improvements</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
Committed:					
Human services	\$ -	\$ -	\$ -	\$ 563,941	\$ 563,941
Education	-	-	2,114,155	113,222	2,227,377
Governing and management	-	1,668,561	-	367,239	2,035,800
General services	<u>53,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,524</u>
Total	<u>\$ 53,524</u>	<u>\$ 1,668,561</u>	<u>\$ 2,114,155</u>	<u>\$ 1,044,402</u>	<u>\$ 4,880,642</u>

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that Orange County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager, as granted in the officially adopted budget ordinance, has been granted limited authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Officer to make certain modifications without requiring Board approval.

Assigned for Community and Environment – portion of fund balance budgeted by the Board for planning, economic development, and other related activities.

Assigned for General Services – portion of fund balance that has been budgeted by the Board for general services related activities.

Assigned for Education – portion of fund balance budgeted by the Board to be used to support public education.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Assigned fund balance at June 30, 2011 is as follows:

<u>Purpose</u>	<u>Other Nonmajor Governmental Funds</u>
Assigned:	
Community and environment	\$ 1,900,645
General services	196,618
Education	<u>1,740,914</u>
Total	<u>\$ 3,838,177</u>

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the general fund.

Orange County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, State funds, local funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County with approval of the Manager and the Board of County Commissioners.

Orange County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal or greater than 17% of budgeted expenditures. Any portion of the General Fund balance in excess of 17% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 37,284,887
Less:	
Prepays	(12,794)
Inventories	(115,521)
Stabilization for State statute	<u>(8,189,624)</u>
Total available fund balance	<u>\$ 28,966,948</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At year-end, the General Fund had outstanding encumbrances of \$810,784.

Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual - General Fund to the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

A legally budgeted Property Revaluation Fund is consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Exhibit D). Fund balance for the General Fund is reconciled as follows:

Fund balance, ending (Exhibit F)	\$	37,231,363
Property Revaluation Fund:		
Revenues:		
Investment earnings		53
Expenditures:		
Community and environment		(66,901)
Transfers in - General Fund		85,000
Fund balance:		
Beginning of year - July 1		<u>35,372</u>
End of year - June 30 (Exhibit D)	\$	<u><u>37,284,887</u></u>

Use of Estimates

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

2. Detail Notes On All Funds

Assets

Deposits

All deposits of the County are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

fiduciary capacity for the County, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2011, the County's deposits had a carrying amount of \$41,174,925 and a bank balance of \$41,421,158. Of the bank balance, \$900,404 was covered by federal depository insurance, and \$40,520,754 was covered by collateral held under the Pooling Method. Cash on hand was \$4,825.

Investments

At June 30, 2011, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
NC Capital Management Trust - Cash Portfolio	\$ 38,775,098	N/A	N/A	N/A

At June 30, 2011, the County's investments consisted of \$38,775,098 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard & Poor's. The County has no policy regarding credit risk.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Property Tax Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Ended</u> <u>June 30</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 386,639,339	\$ 126,624,384	\$ 513,263,723
2007	386,639,339	91,826,843	478,466,182
2008	386,639,339	57,029,303	443,668,642
2009	527,668,995	30,340,967	558,009,962
2010	<u>736,317,187</u>	<u>6,313,688</u>	<u>742,630,875</u>
Total	<u>\$ 2,423,904,199</u>	<u>\$ 312,135,185</u>	<u>\$ 2,736,039,384</u>

Receivables

The amounts presented in the Balance Sheet and the Statement of Net Assets for the year ended June 30, 2011 is net of the following allowance for doubtful accounts:

General Fund:	
Taxes Receivable	\$ 1,169,749
Enterprise funds	<u>30,154</u>
Total	<u>\$ 1,199,903</u>

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

3. Capital Assets

Governmental Capital Assets

A summary of changes in the County's governmental capital assets are as follows:

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2011</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 13,008,016	\$ -	\$ -	\$ -	\$ 13,008,016
Easement	4,949,636	-	-	-	4,949,636
Water Resources, Lake Orange	481,624	-	-	-	481,624
Construction in progress	<u>8,702,558</u>	<u>2,783,792</u>	<u>-</u>	<u>-</u>	<u>11,486,350</u>
Non-depreciable capital assets	<u>27,141,834</u>	<u>2,783,792</u>	<u>-</u>	<u>-</u>	<u>29,925,626</u>
Depreciable Capital Assets:					
Buildings	90,829,082	90,031	88,430	-	90,830,683
Leasehold improvements	3,411,653	-	-	-	3,411,653
Automotive equipment	7,011,748	1,546,961	562,424	(417,794)	7,578,491
Other equipment	<u>5,245,068</u>	<u>750,016</u>	<u>5,584</u>	<u>(20,909)</u>	<u>5,968,591</u>
Depreciable capital assets	<u>106,497,551</u>	<u>2,387,008</u>	<u>656,438</u>	<u>(438,703)</u>	<u>107,789,418</u>
Less Accumulated Depreciation:					
Buildings	19,754,671	2,765,631	45,934	-	22,474,368
Leasehold improvements	85,292	170,582	-	-	255,874
Automotive equipment	5,752,951	702,880	389,894	(75,180)	5,990,757
Other equipment	<u>3,494,381</u>	<u>630,492</u>	<u>1,024</u>	<u>(20,909)</u>	<u>4,102,940</u>
Total	<u>29,087,295</u>	<u>\$ 4,269,585</u>	<u>\$ 436,852</u>	<u>\$ (96,089)</u>	<u>32,823,939</u>
Depreciable capital assets, net	<u>77,410,256</u>				<u>74,965,479</u>
Governmental activity capital assets, net	<u>\$ 104,552,090</u>				<u>\$ 104,891,105</u>

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

Governmental Activities:	
General and management	\$ 3,027,383
General services	131,105
Community and environment	117,885
Human services	269,282
Public safety	<u>723,930</u>
Total	<u>\$ 4,269,585</u>

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2011 are as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer</u>	<u>Balance</u> <u>June 30, 2011</u>
Business-Type Activities:					
Solid Waste:					
Non-Depreciable Capital Assets:					
Land	\$ 1,442,890	\$ -	\$ -	\$ -	\$ 1,442,890
Construction in progress	174,934	-	-	-	174,934
Non-depreciable capital assets	<u>1,617,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,617,824</u>
Depreciable Capital Assets:					
Land improvements	3,956,457	-	-	-	3,956,457
Buildings	3,681,732	-	-	-	3,681,732
Equipment	8,138,154	-	-	438,703	8,576,857
Depreciable capital assets	<u>15,776,343</u>	<u>-</u>	<u>-</u>	<u>438,703</u>	<u>16,215,046</u>
Less Accumulated Depreciation:					
Land improvements	3,271,609	18,011	-	-	3,289,620
Buildings	471,281	123,589	-	-	594,870
Equipment	6,218,764	1,209,619	-	96,089	7,524,472
Total accumulated depreciation	<u>9,961,654</u>	<u>\$1,351,219</u>	<u>\$ -</u>	<u>\$ 96,089</u>	<u>11,408,962</u>
Depreciable capital assets, net	<u>5,814,689</u>				<u>4,806,084</u>
Solid waste capital assets, net	<u>7,432,513</u>				<u>6,423,908</u>

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2011</u>
SportsPlex:					
Non-Depreciable Capital Assets:					
Land	\$ 407,602	\$ -	\$ -	\$ -	\$ 407,602
Depreciable Capital Assets:					
Buildings	7,084,359	118,644	-	-	7,203,003
Equipment	<u>125,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,391</u>
Depreciable capital assets	<u>7,209,750</u>	<u>118,644</u>	<u>-</u>	<u>-</u>	<u>7,328,394</u>
Less Accumulated Depreciation:					
Buildings	935,407	246,594	-	-	1,182,001
Equipment	<u>75,783</u>	<u>23,478</u>	<u>-</u>	<u>-</u>	<u>99,261</u>
Total accumulated depreciation	<u>1,011,190</u>	<u>\$ 270,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,281,262</u>
Depreciable capital assets, net	<u>6,198,560</u>				<u>6,047,132</u>
Total Sportsplex	<u>6,606,162</u>				<u>6,454,734</u>
Efland Sewer:					
Non-Depreciable Capital Assets:					
Land and right-of-way	<u>57,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,117</u>
Non-depreciable capital assets	<u>57,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,117</u>
Depreciable Capital Assets:					
Sewer lines	<u>3,707,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,707,847</u>
Less Accumulated Depreciation:					
Sewer lines	<u>888,028</u>	<u>\$ 191,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,079,461</u>
Depreciable capital assets, net	<u>2,819,819</u>				<u>2,628,386</u>
Water/Sewer capital assets, net	<u>2,876,936</u>				<u>2,685,503</u>
Business-type activities capital assets, net	<u>\$ 16,915,611</u>				<u>\$ 15,564,145</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

4. Construction Commitments

The government has active construction projects as of June 30, 2011. At June 30, 2011, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Piedmont Food and Aging Center	\$ 1,131,003	\$ 269,366
Senior Center	6,147,769	312,764
Animal Services Facility	9,098,921	11,366
County Campus	25,835,795	38,205
Hillsborough Commons	3,780,709	9,291
Twin Creeks Park	835,357	714,673
Fairview Park	1,577,938	37,085
Total	<u>\$ 48,407,492</u>	<u>\$ 1,392,750</u>

5. Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The County contributes to the State-wide Local Governmental Employees Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.89% and 4.78%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$2,505,559, \$1,943,795, and \$2,120,553, respectively. The contributions made by the County equaled the required contributions for each year.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Law Enforcement Officers' Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S, Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Separation Allowance covers all full-time law enforcement officers of the County. At December 31, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	13
Active plan members	<u>88</u>
Total	<u><u>101</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Actuarial Assumptions

The amortization method for the Separation Allowance is a level percent of pay closed. The remaining amortization period is 21 years. The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary, increase ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$	204,808
Interest on net pension obligation		22,430
Adjustment to annual required contribution		<u>(24,017)</u>
Annual pension cost		203,221
Employer contributions made		<u>160,195</u>
Increase (decrease) in net pension obligation		43,026
Net pension obligation:		
Beginning of year - July 1		<u>448,609</u>
End of year - June 30		<u><u>\$ 491,635</u></u>

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 154,545	119.08%	\$ 464,777
2010	168,408	109.60%	448,609
2011	203,221	78.83%	491,635

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,931,999. The covered payroll (annual payroll of active employees covered by the plan) was \$4,104,157, and the ratio of the UAAL to the covered payroll was 47.07%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing, over time, relative to the actuarial accrued liability for benefits.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2011 were \$244,035, which consisted of \$203,089 from the County and \$40,946 from the law enforcement officers.

Register of Deeds’ Supplemental Pension Fund

Plan Description. The County also contributes to the Register of Deeds’ Supplemental Pension Fund (the “Fund”), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds that is retired under the Local Governmental Employees’ Retirement System (LGERS), or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds’ Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2011, the County's required and actual contributions were \$10,073.

Other Post-Employment Benefits – Healthcare Benefits

Plan Description. Under the terms of a County Personnel Ordinance, the County administers a single-employer defined benefit Retiree Healthcare Benefits Plan (the "RHCB Plan"). As of July 1, 2007, this plan provides post-employment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least ten years of creditable employment with the County, are age sixty-five with five years of creditable service with the County, or retiring on a disability retirement with five years of creditable service with the County. The County provides coverage through its employee health insurance plan up to age 65. At age 65, the County provides coverage through a Medicare supplement plan. Retirees can purchase coverage for their dependents who are under age 65 at the County's group rates. The County Commissioners may change the Plan by amending the Personnel Ordinance. A separate report was not issued for the Plan.

Membership of the Plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	267
Active plan members:	
General employees	770
Law enforcement officers	88
Total	<u>1,125</u>

Funding Policy. The County pays for the full cost of coverage under its employee healthcare plan for members with ten years of service and 52% of the cost of coverage for dependents up to age 65. The County pays 50% of the cost of coverage for eligible members with at least five years of service and 26% of the costs of coverage for their dependents. At age 65, the County provides a Medicare supplement plan for members with at least ten years of service at no cost. Members with at least five years of service pay 50% of the cost of coverage. The County does not cover dependents over 65 years of age. The County does not subsidize dependent coverage for eligible retirees hired after July 1, 2008. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The current annual required contribution ("ARC") rate is 13.99% of annual covered payroll. For the current year, the County contributed \$1,904,178, or 4.96% of annual covered payroll. The County provides coverage through a self-funded risk financing pool administered by the North Carolina Association of County Commissioners.

Summary of Significant Accounting Policies

Post-employment expenditures are made from the General Fund and the Solid Waste Fund. The General Fund is maintained on the modified accrual basis of accounting while the Solid Waste Fund is an Enterprise Fund, which is maintained on the full accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	<u>Amount</u>
Annual required contribution	\$ 5,075,371
Interest on net OPEB obligation	654,990
Adjustments to annual required contribution	<u>(565,087)</u>
Annual OPEB cost (expense)	5,165,274
Contributions made	<u>(1,904,178)</u>
Increase (decrease) in net OPEB obligation	3,261,096
Net OPEB obligation:	
Beginning of year - July 1	<u>16,374,755</u>
End of year - June 30	<u>\$ 19,635,851</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 8,829,704	9.57%	\$ 7,984,527
2009	5,153,400	19.50%	12,132,908
2010	5,367,785	20.98%	16,374,755
2011	5,165,274	36.86%	19,635,851

Funding Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability ("UAAL") was \$62,803,094. The covered payroll (annual payroll of active employees covered by the plan) was \$38,421,649, and the ratio of the UAAL to the covered payroll was 163.5 percent.

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

Actuarial Methods and Assumptions

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

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used for the County's Plan. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual pre-Medicare trend rate of 10.50 to 5.00 percent annually, and a post-Medicare trend rate of 8.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

December 31, 2010 was 30 years.

As of June 30, 2011, management has decided that OPEB will continue to be funded on a pay-as-you-go basis. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the County Commissioners.

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the twenty-four months prior to the employee's death, but the benefit must be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2011, the County made contributions to the State for death benefits of \$30,375. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.08% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Other Post-Employment Benefits for County Employees That Participated in the Teachers' and State Employees' Retirement System

In addition to providing pension benefits, the County provides health benefits, death benefits, and disability benefits to certain employees in accordance with State statutes. These benefits are provided through multiple-employer, cost-sharing plans administered by the State. Health benefits are provided to retirees of the Teachers' and State Employees' Retirement System ("System") who have at least five years of creditable service under the System. The State pays the full cost of coverage for all retirees enrolled in the State's self-funded Teachers' and State Employees' Comprehensive Major Medical Plan and makes similar contributions for retirees enrolled in one of four State health maintenance organization ("HMO") plans. In addition, persons who became surviving spouses of retirees prior to October 1, 1986 receive the same coverage as retirees. Retirees and the aforementioned surviving spouses pay for the additional cost of HMO coverage and for the entire cost of coverage of their dependents. The number of the County's participants who are eligible for health benefits cannot be determined. The health benefit plans are funded by the State on a pay-as-you-go basis.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Other Employment Benefits for County Employees That Participated in the Teachers' and State Employees' Retirement System

Death benefits are provided through the Death Benefit Plan for Members of the Teachers' and State Employees' Retirement System ("Death Benefit Plan"), a State-administered plan funded on a one-year term cost basis. Lump-sum death benefits are provided to employees (1) who die in active service after one year of contributing membership service in the System, or (2) who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death. This payment is equal to the employee's highest 12 consecutive months' salary during the 24 months prior to his/her death, but must be at least \$25,000 and no more than \$50,000.

Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina ("Disability Income Plan"), a State-administered plan, which also is funded on a one-year term cost basis.

Long-term disability benefits are payable from the Disability Income Plan after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five years of contributing membership service in the System earned within 96 months prior to the end of the short-term disability period; (2) the employee must have made an application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; and (5) the employee must not be eligible to receive an unreduced retirement benefit from the System. In addition, recipients of long-term disability benefits are eligible to receive State-paid health insurance coverage. The number of the County's participants who are receiving long-term disability benefits cannot be determined. The monthly long-term disability benefit is equal to 65 percent of one-twelfth of an employee's annual base rate of compensation. When an employee qualifies for an unreduced service retirement allowance from the System, the benefits payable from the Disability Income Plan will cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

6. Long-Term Obligations

The following is a summary of transactions affecting the County's long-term obligations for the year ended June 30, 2011:

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:						
General obligation bonds	\$ 112,520,000	\$ -	\$ 9,030,000	\$ -	\$ 103,490,000	\$ 8,870,000
Obligations under capital leases	2,049,520	2,000,000	356,026	(493,494)	3,200,000	713,824
Installment notes payable	109,163,100	9,899,439	9,329,684	-	109,732,855	9,085,693
Less deferred amounts on refunding of bonds	(4,524,981)	-	-	-	(4,524,981)	-
Bond premium refunding	6,015,467	-	-	-	6,015,467	-
Accumulated amortization of refunding items	(329,869)	(240,283)	-	-	(570,152)	-
Accrued compensated absences	3,260,837	5,029,983	4,912,442	-	3,378,378	2,027,027
Separation Allowance	448,609	203,221	160,195	-	491,635	-
OPEB liability	15,588,767	4,513,023	1,663,726	-	18,438,064	-
Total governmental activities	<u>\$ 244,191,450</u>	<u>\$ 21,405,383</u>	<u>\$ 25,452,073</u>	<u>\$ (493,494)</u>	<u>\$ 239,651,266</u>	<u>\$ 20,696,544</u>
Business-Type Activities:						
Obligations under capital leases	\$ 1,004,725	\$ -	\$ 473,428	\$ 493,494	\$ 1,024,791	\$ 417,966
Installment notes payable	8,147,896	-	486,449	-	7,661,447	486,449
Post-closing liability	10,702,218	1,264,383	-	-	11,966,601	-
Accrued compensated absences	200,685	361,128	312,190	-	249,623	149,773
OPEB liability	785,988	652,251	240,452	-	1,197,787	-
Total business-type activities	<u>\$ 20,841,512</u>	<u>\$ 2,277,762</u>	<u>\$ 1,512,519</u>	<u>\$ 493,494</u>	<u>\$ 22,100,249</u>	<u>\$ 1,054,188</u>

Compensated absences, net pension obligation and other post-employment benefits liability for governmental activities typically have been liquidated in the General Fund.

General long-term debt payable at June 30, 2011 is comprised of the following:

General Obligation Bonds. All general obligation bonds, serviced by the County's General Fund, are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The County's general obligation bonds payable, serviced by the County's General Fund, are comprised of the following individual issues:

\$19,175,000 2003 Public Improvement Bonds, due in annual installments of \$650,000 to \$2,200,000 through March 1, 2022; interest at 4.00% to 4.12%	\$ 1,300,000
\$4,200,000 2004A Public Improvement Bonds, due in annual installments of \$150,000 through February 1, 2023; interest at 3.25% to 4.625%	3,300,000
\$20,940,000 2004B Public Improvement Bonds, due in annual installments of \$750,000 through February 1, 2023; interest at 3.25% to 5.2590%	16,440,000
\$29,185,000 2005A Public Improvement Bond, due in annual installments of \$1,000,000 through April 1, 2024; interest at 3.0% to 5.0%	24,185,000
\$20,595,000 2001 Refunding serial bonds, due in annual installments of \$755,000 to \$1,435,000 through February 1, 2014; interest at 4.0% to 5.25%	7,345,000
\$22,815,000 2003 Refunding serial bonds, due in annual installments of \$880,000 to \$2,850,000 through June 1, 2013; interest at 3.0% to 5.0%	1,900,000
\$29,365,000 2005B Refunding serial bond, due in annual installments of \$130,000 to \$4,845,000 through April 1, 2019; interest at 3.25% to 5.25%	26,715,000
\$22,455,000 2010 Refunding serial bond, due in annual installments of \$150,000 to \$3,070,000 through February 1, 2022; interest at 2.00% to 4.00%	<u>22,305,000</u>
Total	<u>\$ 103,490,000</u>

Of the amount serviced by the County's General Fund shown above, \$76,180,014 is considered to be school bond debt.

Obligations Under Capital Leases. The County has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at present value of the future minimum lease payments as the date of their inception.

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Capital Leases Serviced by Governmental Funds:

Capitalized equipment lease obligation, due in annual principal payments of \$300,000, with semi-annual interest payments at 3.05% through July 24, 2014. Gross amount of equipment acquired under capital lease is \$1,500,000. \$ 1,200,000

Capitalized equipment lease obligation, due in annual principal payments of \$413,823, with semi-annual interest payments at 3.05% through July 24, 2014. Gross amount of equipment acquired under capital lease is \$2,000,000. 2,000,000

Total \$ 3,200,000

Capital Leases Serviced by the County's Solid Waste Fund:

Capitalized equipment lease obligation, due in semi-annual installments of \$241,951, which includes interest at 3.71% through November 19, 2010. Gross amount of equipment acquired under capital lease is \$335,900. \$ 207,340

Capitalized equipment lease obligation, due in quarterly installments of \$46,187, which includes interest at 3.60% through January 9, 2012. Gross amount of equipment acquired under capital lease is \$632,146. 173,600

Capitalized equipment lease obligation, due in annual principal payments of \$169,204; interest at 3.89% through October 1, 2017. Gross amount of equipment acquired under capital lease is \$1,015,225. 507,613

Capitalized equipment lease obligation, due in quarterly installments of \$46,187, including interest of 3.60% through January 9, 2012. Gross amount of equipment acquired under capital lease is \$632,146. 136,238

Total \$ 1,024,791

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Installment Notes Payable:

Serviced by Governmental Funds:

Installment note payable, due in semi-annual payments of \$236,116, which includes interest at 3.90% based on construction draw through August 1, 2010	\$ 228,164
Installment note payable, due in semi-annual payments of \$239,655, which includes interest at 3.89% through October 1, 2017	1,557,759
Installment note payable, due in semi-annual payments of \$429,615, which includes interest at 3.70% through February 1, 2012	836,024
Installment note payable, due in quarterly payments of \$12,251 to \$17,181, which includes interest at 4.17% through October 7, 2012	72,750
Certificate of Participation, due in annual payments of \$745,455 to \$803,636; interest at 4% to 5% through April 1, 2026	12,040,007
Installment note payable, due in quarterly payments of \$42,125; interest at 5% through April 27, 2016	842,500
Installment note payable, due in annual payments of \$600,000; interest at 4.39% through December 21, 2021	6,600,000
Installment note payable, due in annual payments of \$2,317,764; interest at 4.14% through June 26, 2027	39,401,988
Installment note payable, due in semi-annual payments of \$275,862; interest at 3.68% through September 12, 2023	6,896,552
Installment note payable due, in annual principal payments of \$1,283,000 to \$2,035,000; semi-annual interest payments at 3.60% through July 24, 2024	26,917,000
Installment note payable, due in annual principal payments of \$420,000 on July 24, 2010 and \$580,000 on July 24, 2011; semi-annual interest payments at 5.26% through July 24, 2011	580,000
\$4,136,434 of Qualified School Construction Bonds, due in annual installments of \$275,762 at 0% interest through March 15, 2025	3,860,672
\$9,899,439 of Qualified School Construction Bonds, due in annual installments of \$659,295 at 5.49 % interest through January 27,2026	<u>9,899,439</u>
Total	<u>109,732,855</u>

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Serviced by the County's Enterprise Funds:

Solid Waste Fund:

Installment note payable, due in annual payments of \$110,000; interest at 4.14% through June 26, 2027 1,870,000

SportsPlex Fund:

Certificate of Participation, due in annual payments of \$279,545 to \$301,364; interest at 4% to 5% through April 1, 2026 4,514,993

Installment note payable, due in annual payments of \$75,086; interest at 4.14% through June 26, 2027 1,276,454

Total SportsPlex Fund 5,791,447

Total Enterprise Funds 7,661,447

Total - all debt \$ 225,109,093

Of the amount serviced by governmental funds shown above, \$51,141,006 is considered to be school installment debt.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The annual requirements as of June 30, 2011 to amortize outstanding debt and funds available for draw under general obligation bonds, installment purchase contracts, capital leases, exclusive of accrued compensated absences, and the Separation Allowance are as follows:

Year Ending June 30	General Obligation Bonds		Installment Purchase Options		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:								
2012	\$ 8,870,000	\$ 4,377,614	\$ 9,085,693	\$ 4,304,615	\$ 713,824	\$ 91,704	\$ 18,669,517	\$ 8,773,933
2013	8,790,000	4,020,414	7,457,255	3,961,758	739,943	56,434	16,987,198	8,038,606
2014	8,900,000	3,665,782	7,433,005	3,666,154	750,418	36,810	17,083,423	7,368,746
2015	8,735,000	3,299,319	7,433,005	3,370,929	761,143	16,935	16,929,148	6,687,183
2016	8,660,000	2,949,543	7,433,005	3,075,703	234,672	2,079	16,327,677	6,027,325
2017-2021	42,865,000	9,044,769	36,142,233	10,994,558	-	-	79,007,233	20,039,327
2022-2026	16,670,000	1,169,843	30,113,129	3,947,445	-	-	46,783,129	5,117,288
2027	-	-	4,635,530	190,578	-	-	4,635,530	190,578
Total	\$ 103,490,000	\$ 28,527,284	\$ 109,732,855	\$ 33,511,740	\$ 3,200,000	\$ 203,962	\$ 216,422,855	\$ 62,242,986
Business-Type Activities:								
2012	\$ -	\$ -	\$ 486,449	\$ 332,614	\$ 417,966	\$ 30,336	\$ 904,415	\$ 362,950
2013	-	-	486,449	312,897	281,727	18,896	768,176	331,793
2014	-	-	486,449	293,180	281,728	9,129	768,177	302,309
2015	-	-	486,449	273,462	43,370	662	529,819	274,124
2016	-	-	486,449	253,745	-	-	486,449	253,745
2017-2021	-	-	2,432,245	942,834	-	-	2,432,245	942,834
2022-2026	-	-	2,426,793	379,476	-	-	2,426,793	379,476
2027	-	-	370,164	15,218	-	-	370,164	15,218
Total	\$ -	\$ -	\$ 7,661,447	\$ 2,803,426	\$ 1,024,791	\$ 59,023	\$ 8,686,238	\$ 2,862,449

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the County may, with certain exceptions, have outstanding net debt, excluding bonds issued for water purposes, in principal amounts not exceeding 8% of the appraised value of property subject to taxation. At June 30, 2011, such statutory limit for the County was approximately \$1.3 billion, providing a legal debt margin of approximately \$1 billion.

Bonds authorized, but unissued, at June 30, 2011 were \$11,455,000.

Conduit Debt Obligations. Orange County Industrial Facility and Pollution Control Financing Authority have issued industrial revenue bonds to provide financial assistance to Mebane Packaging Company for economic development purposes. These bonds are secured by the properties financed, as well as by letters of credit and are payable solely from payments received from the private business involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2011, there is no balance outstanding.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Advanced Refunding. On September 15 and October 25, 2011, the County issued \$38,305,000 refunding limited obligation bonds and \$24,440,000 of general obligation advance refunding bonds respectively to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose extinguishing the 2007 installment purchase note payable with SunTrust bank in the amount of \$41,543,445 and of general resources for all future debt service payments of \$23,540,000 of general obligation bonds. As a result, the 2007 installment purchase note payable is considered paid, and the refunded bonds are considered to be defeased. The liabilities for each debt will be removed from the governmental activities column of the Statement of Net Assets in the fiscal year ending June 30, 2011. The reacquisition price was lower than the net carrying amount of the old debt by \$1,517,632. The amount was netted against the net debt and amortized over the life of the refunded debt, which is shorter than the life of the new issued. The advance refundings were undertaken to reduce total debt service payments over the next twelve years by \$3,660,099 and resulted in a net economic gain of \$3,545,154.

7. Deferred/Unearned Revenues

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at year-end are composed of the following elements:

	<u>Deferred Revenues</u>	<u>Unearned Revenues</u>
Ad Valorem Taxes:		
Prepaid taxes not yet earned (General Fund)	\$ 260,956	\$ 260,956
Taxes receivable, net (General Fund)	2,380,323	-
Other receivables (General Fund)	34,435	34,435
Other receivables (Other Governmental Funds)	1,143,862	-
Other receivables (SportsPlex Fund)	-	164,911
Total	<u>\$ 3,819,576</u>	<u>\$ 460,302</u>

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

8. Capital Assets, Net of Related Debt

Capital assets, net of related debt, at June 30, 2011 are computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 104,891,105	\$ 15,564,145
Less capital debt:		
Gross debt	217,343,189	8,686,238
Less:		
School debt related to assets to which the County does not hold title	(127,321,020)	-
Unexpended debt proceeds	<u>(18,273,377)</u>	<u>-</u>
Net capital debt	<u>71,748,792</u>	<u>8,686,238</u>
Capital assets, net of related debt	<u>\$ 33,142,313</u>	<u>\$ 6,877,907</u>

9. Interfund Balances and Activity

The following is a schedule of interfund receivable and payable balances as of June 30, 2011:

	<u>Amount</u>
For Primary Government:	
Due to General Fund, net from other funds	\$ 136,000
County Capital Improvements Fund	<u>66,983</u>
Total	<u>\$ 202,983</u>
 Due from Enterprise Fund:	
Efland Sewer Fund	<u>\$ 202,983</u>

All interfund balances and activities shown above resulted from loans made to supplement other funding sources. These balances are not expected to be repaid within a year.

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Transfers. The following is a summary of transfers for the year ended June 30, 2011:

Transfers to:	Transfers From					Capital Projects Funds	Total
	General Fund	Impact Fee Fund	Visitors' Bureau Fund	Recreation Subdivision Fund	County Capital Improvements Fund		
General Fund	\$ -	\$ 800,000	\$ -	\$ 471,227	\$ 68,000	\$ 1,339,227	
Special Revenue Funds:							
Property Revaluation	85,000	-	-	-	-	85,000	
Grant Supported Projects	69,689	-	-	-	-	69,689	
Community Development	276,277	-	-	-	-	276,277	
Capital Project Funds:							
County Capital							
Improvements Fund	491,709	-	109,640	185,254	-	786,603	
School Capital							
Improvements Fund	5,159,091	-	-	-	-	5,159,091	
Enterprise Funds:							
Solid Waste	1,403,060	-	-	-	-	1,403,060	
SportsPlex	725,000	-	-	-	-	725,000	
Efland Sewer	95,950	-	-	-	-	95,950	
Total	\$ 8,305,776	\$ 800,000	\$ 109,640	\$ 656,481	\$ 68,000	\$ 9,939,897	

The Solid Waste Fund transferred debt obligations of \$493,494 to governmental activities.

Transfers are used to move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

10. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies on behalf of the County. County personnel are involved with certain functions, primarily eligibility determinations, which cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Medical Assistance Program-Title XIX-Medicaid	\$ 67,373,560	\$ 26,715,772
Special Supplemental Nutrition Program for Women, Infants, and Children	<u>1,086,824</u>	<u>-</u>
Total	<u>\$ 68,460,384</u>	<u>\$ 26,715,772</u>

11. Closure and Post-Closure Care Costs – Landfill Facilities

Federal and State laws and regulations have required the County to place a final cover on its landfill facility when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County continues required monitoring during the post-closure care period for up to thirty years. Post-closure costs consist of water quality monitoring, maintenance of the landfill surface, vegetation, mowing, inspections, and recordkeeping. Costs during the monitoring period are estimated to be \$95,000 per year. The \$11,966,601 reported as landfill closure and post closure care liability at June 30, 2011 represents a cumulative amount reported to-date based on the use of 85 percent of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post closure care of \$1.3 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2011. The County expects to close the in the year 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Orange Regional Landfill expects that any future inflation costs will be paid from the Landfill's current enterprise funds or would be covered by charges to future landfill users.

The Orange Regional Landfill was required by federal and State laws and regulations to meet financial assurance requirements effective April 9, 1994 to guarantee the ability to finance closure and post-closure care. The financial assurance requirements can be met by meeting one of several optional financial tests developed and required by the State of North Carolina Department of Environment, Health, and Natural Resources.

In complying with these regulations during fiscal year 2011, the County has submitted certified statements of Bond Indicators and Ratio Indicators of Financial Strength to the State of North Carolina Department of Environment, Health, and Natural Resources.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Leases. The County leases ambulances, car, and landfill equipment under lease agreements that are classified as capital leases. Accordingly, the original present value (\$6,547,724) of obligations under these lease agreements, along with the present value of the remaining lease payments, are included within the Statement of Activities for governmental activities. The General Fund and the Solid Waste Fund make all capital lease payments.

At June 30, 2011, future minimum rental payments due under the capital leases are as follows:

Total minimum lease payments	\$ 4,487,806
Less amount representing interest	<u>(263,015)</u>
Present value of minimum lease payments	<u>\$ 4,224,791</u>

The total rental paid for all operating leases was \$1,142,575 for the year ended June 30, 2011. All operating leases are for terms of one year or less and consist principally of office space rentals for various County functions.

Federal and State Programs. The County participates in a number of federal and State of North Carolina financial assistance programs. For the fiscal year ended June 30, 2011, these programs were subjected to audit in accordance with generally accepted auditing standards. *Government Auditing Standards*, the provisions of OMB Circular A-133, and the State Single Audit Implementation Act. The amount, if any, of expenditures which may be disallowed by the granting agencies resulting from this and other audits cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Lawsuits. The County is involved in several pending lawsuits and claims, which it intends to defend vigorously. In the opinion of the County's attorney and management, the disposition of these matters is not expected to have a material effect on the County's financial position.

12. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-State public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, crime coverage, and single occurrence losses of \$350,000 for workers' compensation. For health and dental insurance, the County is reinsured

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

through the pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

A limited risk management program is also maintained for employees' dental benefits administered by a third-party administrator. Premiums are paid into the Dental Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. During fiscal year 2011, a total of \$462,967 was incurred for benefits and administrative costs.

A summary of the reserve for incurred, but unreported, claims is as follows:

	Year Ended June 30	
	2011	2010
Unpaid claims:		
Beginning of year - July 1	\$ 22,597	\$ 21,552
Incurred claims	426,906	400,849
Claim payments	(438,580)	(399,804)
End of year - June 30	\$ 10,923	\$ 22,597

In accordance with G.S. 159-29, the County's employees who have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and Tax Collector are each individually bonded for \$250,000 and \$30,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The County carries flood insurance through the North Carolina Association of County Commissioners Liability and Property Insurance Pool ("NCACC"). The County only has one building located in an area that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency. The County has purchased coverage of \$1,000,000 for the building located in the area designated as "A" above, and an additional amount of flood insurance coverage of \$5,000,000 for all other structures.

13. Jointly Governed Organization

Orange Water and Sewer Authority. The Orange Water and Sewer Authority is a public authority created under North Carolina law, which was established for the purpose of providing water and sewer service in a defined area within the County. The Authority has a nine-member governing body with two members appointed by the Orange County Board of Commissioners, two members appointed by the Board of Aldermen of the Town of Carrboro, and five members appointed by the Mayor and Town Council of the Town of Chapel Hill. The County is not responsible for any debt of

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

the Authority or any of its deficits. The County is not entitled to surpluses of the Authority, has no responsibility for the designation of its management, does not have any significant influence over its operations, and the Authority is not accountable to the County for fiscal matters.

Triangle Transit Authority. Orange County, in conjunction with other area local governments, is a member of the Research Triangle Regional Public Transportation Authority. Orange County appoints one member to the governing board. The Authority possesses final decision making ability and is solely responsible for the management, budget, and fiscal operations of the Authority.

14. Joint Ventures

Hyconeechee Regional Library. Public library services with Orange County are provided by a tri-County regional library system. Person County, Orange County, and Caswell County each appoint three members to the Regional Library Board. The County is neither responsible for any deficits nor entitled to any surpluses. Since the Library cannot issue long-term debt under North Carolina law, any such debt for the Library would be the responsibility of the counties involved. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30. During 1994, the County accepted accountability for the fiscal matters of the Library. The Library's financial statements are included as an agency fund of the County. Complete financial statements for the Library can be obtained from the Library's offices at 300 West Tryon Street, Hillsborough, North Carolina 27278.

Orange-Person-Chatham Area Mental Health, Mental Retardation, and Substance Abuse Authority. Mental health, mental retardation, and substance abuse services within the County are provided by a tri-County regional authority. Each County appoints one commissioner to the Authority's sixteen-member Board. The remaining thirteen members are selected by the three appointed Commissioners. Since the Authority does not have the power to issue debt obligations, any such obligations would be issued by the counties involved. The County is not responsible for the Authority's deficits and is not entitled to its surpluses, It also has no responsibility for the designation of management and does not have significant influence over the operations of the Authority.

The County makes an annual appropriation to the Authority, but the majority of the funding comes from other sources, During the fiscal year ended June 30, 2011, the County contributed \$1,370,973 to the Authority. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2011. Complete financial statements for the Authority can be obtained from the Authority's offices at 100 Europe Drive, Suite 490, Chapel Hill, North Carolina 27517.

Required Supplemental Financial Data

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ORANGE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2010	\$ -	\$ 1,931,999	\$ 1,931,999	0.00%	\$ 4,104,157	47.07%
12/31/2009	-	1,994,877	1,994,877	0.00%	4,021,936	49.60%
12/31/2008	-	1,586,125	1,586,125	0.00%	4,042,490	39.24%
12/31/2007	-	1,503,242	1,503,242	0.00%	3,831,182	39.24%
12/31/2006	-	1,427,990	1,427,990	0.00%	3,721,937	38.37%
12/31/2005	-	1,459,328	1,459,328	0.00%	3,972,345	36.74%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2011	\$ 204,808	78.22%
2010	163,990	112.55%
2009	149,948	122.73%
2008	148,678	117.64%
2007	148,779	106.44%
2006	127,796	106.44%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated.
Additional information as of the latest valuation follows:

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increases *	4.5 - 12.3%
Cost of living adjustments	N/A

* Includes inflation at 3.75%

ORANGE COUNTY, NORTH CAROLINA

HEALTH CARE BENEFITS PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	\$ -	\$ 84,540,825	\$ 84,540,825	0.00%	\$ 32,914,392	256.9%
12/31/2007	-	54,382,277	54,382,277	0.00%	37,345,503	145.6%
12/31/2009	-	58,020,674	58,020,674	0.00%	37,996,740	152.7%
12/31/2010	-	62,803,094	62,803,094	0.00%	38,421,649	163.5%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2011	\$ 5,075,371	37.52%
2010	5,301,171	21.24%
2009	5,109,562	19.67%
2008	8,829,704	9.57%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated.
Additional information as of the latest valuation follows:

Valuation date	12/31/2010	
Actuarial cost method	Projected unit credit	
Amortization method	Level percentage of pay, open	
Remaining amortization period	30 years	
Asset valuation method	Market value of assets	
Actuarial assumptions:		
Investment rate of return *	4.00%	* Includes inflation at 3.00%
Medical cost trend rate		
Pre-Medicare trend rate	10.50%-5.00%	
Post-Medicare trend rate	8.50%-5.00%	
Year of Ultimate trend rate	2018	

General Fund

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ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Property Revaluation Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:				
Property taxes	\$ 134,648,327	\$ -	\$ -	\$ 134,648,327
Sales tax	15,115,418	-	-	15,115,418
Intergovernmental revenues	20,296,480	-	-	20,296,480
Charges for services	9,588,788	-	-	9,588,788
Investment earnings	69,164	53	-	69,217
Licenses and permits	403,014	-	-	403,014
Miscellaneous	768,149	-	-	768,149
Total revenues	<u>180,889,340</u>	<u>53</u>	<u>-</u>	<u>180,889,393</u>
Expenditures:				
Governing and management	11,547,032	-	-	11,547,032
General services	5,285,044	-	-	5,285,044
Community and environment	5,834,559	66,901	-	5,901,460
Human services	32,458,750	-	-	32,458,750
Education	63,912,513	-	-	63,912,513
Public safety	18,658,990	-	-	18,658,990
Culture and recreation	1,810,933	-	-	1,810,933
Debt service:				
Principal	18,715,710	-	-	18,715,710
Interest and fees	9,909,939	-	-	9,909,939
Total expenditures	<u>168,133,470</u>	<u>66,901</u>	<u>-</u>	<u>168,200,371</u>
Revenues over (under) expenditures	<u>12,755,870</u>	<u>(66,848)</u>	<u>-</u>	<u>12,689,022</u>
Other Financing Sources (Uses):				
Transfer in	1,339,227	85,000	(85,000)	1,339,227
Transfer out	<u>(8,305,776)</u>	<u>-</u>	<u>85,000</u>	<u>(8,220,776)</u>
Total other financing sources (uses)	<u>(6,966,549)</u>	<u>85,000</u>	<u>-</u>	<u>(6,881,549)</u>
Net change in fund balance	5,789,321	18,152	-	5,807,473
Fund Balance:				
Beginning of year - July 1	<u>31,442,042</u>	<u>35,372</u>	<u>-</u>	<u>31,477,414</u>
End of year - June 30	<u>\$ 37,231,363</u>	<u>\$ 53,524</u>	<u>\$ -</u>	<u>\$ 37,284,887</u>

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>2010 Actual</u>
Revenues:				
Ad Valorem Taxes:				
Property tax	\$ 131,338,742	\$ 134,058,937	\$ 2,720,195	132,991,641
Tax penalties and interest	410,000	533,864	123,864	593,359
Gross receipts tax	42,000	55,526	13,526	52,920
Total	<u>131,790,742</u>	<u>134,648,327</u>	<u>2,857,585</u>	<u>133,637,920</u>
Sales Tax:				
Local option sales tax	14,463,000	15,115,418	652,418	15,005,367
Total	<u>14,463,000</u>	<u>15,115,418</u>	<u>652,418</u>	<u>15,005,367</u>
Intergovernmental Revenues:				
Refunds, gasoline tax	20,234	1,562	(18,672)	15,935
Animal tax	226,408	209,422	(16,986)	134,541
Beer and wine tax	72,000	217,536	145,536	68,590
Federal and State grants	19,118,155	18,873,982	(244,173)	17,096,974
Local grants	505,776	439,173	(66,603)	369,071
ABC Board law enforcement distribution	120,000	111,096	(8,904)	97,105
ABC Board profit distribution	440,000	443,709	3,709	438,916
Total	<u>20,502,573</u>	<u>20,296,480</u>	<u>(206,093)</u>	<u>18,221,132</u>
Charges for Services:				
Register of Deeds	1,375,516	1,361,437	(14,079)	1,366,734
Collection fees	170,046	296,948	126,902	160,895
Inspection fees	511,250	473,269	(37,981)	483,660
Health service fees	1,402,625	1,059,136	(343,489)	1,291,112
Recreation fees	195,152	234,497	39,345	199,350
Planning fees	238,500	108,666	(129,834)	97,314
Aging fees	140,500	132,078	(8,422)	123,779
EMS fees	1,893,000	2,567,951	674,951	2,173,824
Sheriff and court charges	2,651,633	2,390,367	(261,266)	2,595,108
Other charges	1,062,088	964,439	(97,649)	1,079,566
Total	<u>9,640,310</u>	<u>9,588,788</u>	<u>(51,522)</u>	<u>9,571,342</u>
Investment Earnings	<u>140,000</u>	<u>69,164</u>	<u>(70,836)</u>	<u>88,207</u>
Licenses and Permits:				
Privilege licenses	13,000	12,140	(860)	12,045
Franchise fees	300,000	390,874	90,874	316,171
Total	<u>313,000</u>	<u>403,014</u>	<u>90,014</u>	<u>328,216</u>

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>2010 Actual</u>
Miscellaneous Revenues:				
Donations	259,400	247,647	(11,753)	236,192
Rent	328,884	328,983	99	350,240
Other	141,179	191,519	50,340	232,447
Total	<u>729,463</u>	<u>768,149</u>	<u>38,686</u>	<u>818,879</u>
Total revenues	<u>177,579,088</u>	<u>180,889,340</u>	<u>3,310,252</u>	<u>177,671,063</u>
Expenditures:				
Governing and Management:				
County commissioners	509,580	511,073	1,493	551,813
County manager	699,393	712,820	13,427	824,403
Animal services	1,599,987	1,522,940	(77,047)	1,640,085
Human resources	684,511	672,869	(11,642)	665,548
Financial services	911,816	901,036	(10,780)	993,321
County attorney	455,098	438,142	(16,956)	394,981
Asset management and purchasing	6,594,945	5,253,505	(1,341,440)	7,012,834
Non-departmental	1,966,562	1,534,647	(431,915)	1,371,045
Total	<u>13,421,892</u>	<u>11,547,032</u>	<u>(1,874,860)</u>	<u>13,454,030</u>
General Services:				
Information systems	2,098,739	1,722,470	(376,269)	1,651,316
Register of Deeds	911,961	831,423	(80,538)	938,904
Tax administration	2,238,271	2,164,403	(73,868)	2,134,060
Elections	462,028	446,756	(15,272)	527,978
Sanitation	-	17,665	17,665	1,751,908
Non-departmental	102,549	102,327	(222)	102,327
Total	<u>5,813,548</u>	<u>5,285,044</u>	<u>(528,504)</u>	<u>7,106,493</u>
Community and Environment:				
Planning	2,435,550	2,396,164	(39,386)	2,675,017
DEAPR	2,974,433	2,878,612	(95,821)	2,799,838
Economic development	356,351	379,894	23,543	468,202
Non-departmental	239,426	179,889	(59,537)	226,635
Total	<u>6,005,760</u>	<u>5,834,559</u>	<u>(171,201)</u>	<u>6,169,692</u>

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>2010 Actual</u>
Human Services:				
Social services	19,488,096	18,456,611	(1,031,485)	19,097,036
Health	8,608,767	8,246,982	(361,785)	8,438,726
Cooperative extension	413,706	330,625	(83,081)	445,063
Aging	2,662,869	2,541,254	(121,615)	2,822,400
Human rights and relations	284,404	277,285	(7,119)	340,437
Child support enforcement	910,560	928,438	17,878	886,632
Mental health	-	1,398	1,398	1,379
Non-departmental	1,690,674	1,676,157	(14,517)	1,781,108
Total	<u>34,059,076</u>	<u>32,458,750</u>	<u>(1,600,326)</u>	<u>33,812,781</u>
Education:				
Current expense	59,909,513	59,909,513	-	59,045,729
Capital outlay	3,015,000	3,015,000	-	3,015,000
Non-departmental	988,000	988,000	-	988,000
Total	<u>63,912,513</u>	<u>63,912,513</u>	<u>-</u>	<u>63,048,729</u>
Public Safety:				
Sheriff	11,323,789	10,975,035	(348,754)	10,091,004
Emergency services	7,864,903	7,197,276	(667,627)	6,034,046
Courts	178,700	148,189	(30,511)	174,389
Non-departmental	380,654	338,490	(42,164)	356,221
Total	<u>19,748,046</u>	<u>18,658,990</u>	<u>(1,089,056)</u>	<u>16,655,660</u>
Cultural and Recreational:				
Library services	1,489,120	1,472,311	(16,809)	1,453,622
Non-departmental	356,770	338,622	(18,148)	336,577
Total	<u>1,845,890</u>	<u>1,810,933</u>	<u>(34,957)</u>	<u>1,790,199</u>
Debt Service:				
Installment Purchase Principal	-	-	-	283,577
Principal On Bonds:				
School bond	7,475,585	7,475,585	-	7,200,445
County bond	1,404,415	1,554,415	150,000	1,634,555
Private Placement:				
Schools	5,274,477	5,068,595	(205,882)	5,359,710
County	4,623,911	4,617,115	(6,796)	2,701,750
Total	<u>18,778,388</u>	<u>18,715,710</u>	<u>(62,678)</u>	<u>17,180,037</u>

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>2010 Actual</u>
Interest and Fees:				
School bond interest	3,681,763	3,681,763	-	4,131,355
County bond interest	1,122,551	972,551	(150,000)	1,182,929
School private placement interest	1,750,857	1,956,739	205,882	1,851,299
County private placement interest	3,298,886	3,298,886	-	1,469,359
Total	<u>9,854,057</u>	<u>9,909,939</u>	<u>55,882</u>	<u>8,634,942</u>
Total debt service	<u>28,632,445</u>	<u>28,625,649</u>	<u>(6,796)</u>	<u>25,814,979</u>
Total expenditures	<u>173,439,170</u>	<u>168,133,470</u>	<u>(5,305,700)</u>	<u>167,852,563</u>
Revenues over (under) expenditures	<u>4,139,918</u>	<u>12,755,870</u>	<u>8,615,952</u>	<u>9,818,500</u>
Other Financing Sources (Uses):				
Transfers in	1,389,227	1,339,227	(50,000)	2,577,673
Transfers out	(8,305,776)	(8,305,776)	-	(11,115,066)
Appropriated fund balance	<u>2,776,631</u>	<u>-</u>	<u>(2,776,631)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,139,918)</u>	<u>(6,966,549)</u>	<u>(2,826,631)</u>	<u>(8,537,393)</u>
Net change in fund balance	<u>\$ -</u>	<u>5,789,321</u>	<u>\$ 5,789,321</u>	<u>1,281,107</u>
Fund Balance:				
Beginning of year - July 1		<u>31,442,042</u>		<u>30,160,935</u>
End of year - June 30		<u>\$ 37,231,363</u>		<u>\$ 31,442,042</u>

ORANGE COUNTY, NORTH CAROLINA

**PROPERTY REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 53	\$ 53
Total revenues	<u>-</u>	<u>53</u>	<u>53</u>
Expenditures:			
Community and Environment:			
Property revaluation:			
Personal services	74,249	40,898	(33,351)
Operations	<u>57,100</u>	<u>26,003</u>	<u>(31,097)</u>
Total expenditures	<u>131,349</u>	<u>66,901</u>	<u>(64,448)</u>
Revenues over (under) expenditures	<u>(131,349)</u>	<u>(66,848)</u>	<u>64,501</u>
Other Financing Sources (Uses):			
Transfers in	85,000	85,000	-
Appropriated fund balance	<u>46,349</u>	<u>-</u>	<u>(46,349)</u>
Total other financing sources (uses)	<u>131,349</u>	<u>85,000</u>	<u>(46,349)</u>
Net change in fund balance	<u>\$ -</u>	<u>18,152</u>	<u>\$ 18,152</u>
Fund Balance:			
Beginning of year - July 1		<u>35,372</u>	
End of year - June 30		<u>\$ 53,524</u>	

Major Governmental Funds

Capital Projects Funds

The Capital Projects Funds account for all resources used by the County for the acquisition and/or construction of capital facilities, except those financed by Enterprise Funds.

County Capital Improvements Fund - accounts for financial resources used in the acquisition, renovation, and improvement of public facilities.

School Capital Improvements Fund - accounts for financial resources used in the construction, acquisition, and renovation of public school facilities.

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ORANGE COUNTY, NORTH CAROLINA

COUNTY CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
Revenues:					
Federal grants	\$ 4,733,412	\$ 4,578,785	\$ 2,063,181	\$ 511,548	\$ 3,027,152
State grants	4,637,326	1,372,313	-	1,250,250	2,622,563
Investment earnings	2,624,400	2,626,555	-	12,141	2,638,696
Other	1,475,827	2,120,086	(285,080)	698,781	3,103,947
Total revenues	13,470,965	10,697,739	1,778,101	2,472,720	11,392,358
Expenditures:					
Emergency management center	-	142,215	142,215	-	-
Homestead community center	-	188,634	188,634	-	-
Jail	1,375,000	111,778	-	-	111,778
Justice facility and new courthouse	11,982,329	11,989,959	-	337,037	12,326,996
New courthouse	270,521	218,797	-	-	218,797
Northern Human Services Center	714,545	361,931	-	2,000	363,931
Senior Center- Central Orange	6,460,533	6,136,475	-	11,294	6,147,769
Robert and Pearl Seymore Center	-	6,260,271	6,260,271	-	-
Animal services facility	9,168,864	9,098,921	-	-	9,098,921
EMS relocation and meadowlands annex	3,531,714	3,492,016	-	18,919	3,510,935
County campus, office building, and library	25,874,000	25,755,734	-	80,061	25,835,795
Solid Waste Operation Center	-	2,481,913	2,481,913	-	-
County other	170,000	444,870	196,593	23,188	271,465
Blackwood Farm	2,437,435	2,187,749	-	88,979	2,276,728
Cate property	-	3,650,220	3,650,220	-	-
Cedar Grove Park	1,848,000	1,836,900	-	10,184	1,847,084
Twin Creeks Park	1,979,457	479,841	-	355,516	835,357
Fairview Park	1,615,023	827,005	-	750,933	1,577,938
Conservation easement	1,189,576	4,951,712	4,951,712	48,035	48,035
Homestead Aquatics	83,346	-	-	83,346	83,346
Lands Legacy - unallocated	1,856,261	3,527,513	3,527,513	101,290	101,290
Parkland and recreation facilities	103,530	97,657	-	77,354	175,011
Seven Mile Creek Preserve	151,000	145,689	-	-	145,689
Southern Park	38,196	-	-	38,196	38,196
SportsPlex Maintenance Reserve	100,000	-	-	-	-
West Ten soccer complex	4,054,128	3,999,208	-	55,408	4,054,616
Central recreation repairs	416,980	401,683	-	10,640	412,323
Lake Michael Park	-	75,000	75,000	-	-
Millhouse Road Park	264,802	195,202	-	61,730	256,932
Recreation and parks capital maintenance	-	24,360	24,360	-	-
Utility extension development	-	97,875	97,875	-	-
Roofing projects	1,333,100	921,598	-	193,606	1,115,204
Affordable housing	2,468,804	4,077,632	3,646,196	1,145,659	1,577,095
Information technology	3,567,757	3,149,065	2,871,558	1,683,742	1,961,249
Register of Deeds' automation enhancement	275,450	715,514	715,514	42,297	42,297
Medicaid maximization	2,884,809	359,465	-	718,798	1,078,263

ORANGE COUNTY, NORTH CAROLINA

COUNTY CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
Solid waste collection centers	-	28,699	28,699	-	-
Loan Pool Reserve	200,000	75,000	75,000	120,000	120,000
Efland sewer extension	1,798,240	27,150	-	53,306	80,456
HVAC projects	593,000	502,222	-	115,000	617,222
ADA compliance	100,000	16,058	-	-	16,058
County Facilities Art Reserve	-	1,690	1,690	-	-
Utilities demand reduction systems	130,000	106,055	-	-	106,055
Upfit of County Space - Link Center	1,277,675	499,793	-	23,918	523,711
Telephone system replacement	575,000	393,708	-	169,040	562,748
Hillsborough Commons	3,790,000	3,735,147	-	45,562	3,780,709
Board of Elections office	97,000	19,625	-	13,350	32,975
Piedmont Food and Agriculture Processing	1,400,369	77,234	-	1,053,769	1,131,003
800 MHz Radios	700,000	-	-	473,436	473,436
Dental equipment	100,000	-	-	-	-
Buckhorn EDD Phase 2	200,000	-	-	66,500	66,500
Animal services deconstruct	-	43,000	43,000	-	-
Lake Orange Capital Maintenance	165,000	5,889	-	110,385	116,274
Observation Well Network	11,330	11,297	-	-	11,297
Southwest Branch Library	-	-	-	52,406	52,406
Total expenditures	<u>97,352,774</u>	<u>103,946,969</u>	<u>28,977,963</u>	<u>8,234,884</u>	<u>83,203,890</u>
Revenues over (under) expenditures	<u>(83,881,809)</u>	<u>(93,249,230)</u>	<u>(27,199,862)</u>	<u>(5,762,164)</u>	<u>(71,811,532)</u>
Other Financing Sources (Uses):					
Bonds insurance	9,015,794	21,932,624	11,894,630	-	10,037,994
Refunding bonds	27,000,000	22,455,000	-	-	22,455,000
Bond premium	-	1,762,954	-	-	1,762,954
Installment loan issuance	61,739,162	65,457,132	9,988,725	2,000,000	57,468,407
Capital lease issuance	-	2,715,255	174,256	-	2,540,999
Payment to escrow agent	(26,803,404)	(24,021,358)	-	-	(24,021,358)
Transfers in	16,700,820	21,111,214	6,454,408	786,603	15,443,409
Transfers out	(4,980,000)	(4,512,677)	(1,312,157)	(68,000)	(3,268,520)
Appropriated fund balance	1,209,437	-	-	-	-
Total other financing sources (uses)	<u>83,881,809</u>	<u>106,900,144</u>	<u>27,199,862</u>	<u>2,718,603</u>	<u>82,418,885</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,650,914</u>	<u>\$ -</u>	<u>(3,043,561)</u>	<u>\$ 10,607,353</u>
Fund Balance:					
Beginning of year - July 1				<u>13,650,914</u>	
End of year - June 30				<u>\$ 10,607,353</u>	

ORANGE COUNTY, NORTH CAROLINA

SCHOOL CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
Revenues:					
Investment earnings	\$ 60,000	\$ 2,463,978	\$ 1,919,820	\$ 11,667	\$ 555,825
Sales tax	180,000	188,715	113,715	-	75,000
Lottery proceeds	2,892,139	2,959,057	-	-	2,959,057
Total revenues	<u>3,132,139</u>	<u>5,611,750</u>	<u>2,033,535</u>	<u>11,667</u>	<u>3,589,882</u>
Expenditures:					
Orange County Schools:					
A.L. Stanback Middle School	32,000	3,199	3,199	-	-
Cameron Park Elementary	590,600	134,200	-	373,202	507,402
Efland Cheeks Elementary	423,449	94,838	-	143,910	238,748
Grady Brown Elementary	54,040	-	-	54,023	54,023
Hillsborough Elementary	365,000	143,308	-	98,570	241,878
New Hope Elementary renovations	325,000	241,809	-	931	242,740
Stanford Middle School	688,065	176,073	-	-	176,073
Orange High School	559,435	319,966	-	188,778	508,744
Orange High Track Repairs	495,634	495,634	-	-	495,634
Alternative School	356,720	145,976	-	156,135	302,111
Bus garage	-	14,057	14,057	-	-
Central elementary air	174,900	69,134	-	66,925	136,059
Classroom improvements	3,669,440	-	-	734,436	734,436
Roofing projects	1,600,000	-	-	905,350	905,350
Technology plan	922,668	311,571	-	352,653	664,224
District-wide improvements	200,000	94,441	-	81,428	175,869
Bathroom renovations	180,532	19,774	-	63,908	83,682
Fire/safety upgrades	250,000	132,824	-	116,218	249,042
Total Orange County Schools	<u>10,887,483</u>	<u>2,396,804</u>	<u>17,256</u>	<u>3,336,467</u>	<u>5,716,015</u>
Chapel Hill Carrboro Schools:					
Elementary #11	974,000	913,561	-	3,780	917,341
Morris Grove Elementary	40,000	33,725	-	4,961	38,686
Transportation Center	309,500	50,488	-	239,052	289,540
Carrboro High School	75,000	6,223	-	-	6,223
Carrboro Arts Wing	4,066,434	845,061	-	3,178,199	4,023,260
Abatement projects	343,000	197,587	-	39,944	237,531
ADA requirements	140,505	9,507	-	131,864	141,371
ATH facilities/playgrounds	295,000	-	-	93,572	93,572
Classroom/academic improvements	485,000	32,123	-	26,136	58,259
Doors, hardware, canopies	50,000	6,561	-	41,043	47,604
Electrical systems	215,284	67,000	-	79,805	146,805

ORANGE COUNTY, NORTH CAROLINA

SCHOOL CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
Fire, safety, and security	260,363	25,000	-	79,743	104,743
Indoor air quality	231,340	136,676	-	62,544	199,220
Mechanical systems	1,500,968	249,282	-	329,345	578,627
Mobile classrooms	232,000	123,673	-	103,675	227,348
Parking lot improvements	25,000	6,705	-	4,310	11,015
Roofing projects	5,360,009	426,369	-	802,313	1,228,682
Bathroom renovations	175,000	-	-	-	-
Technology	2,709,548	1,194,037	-	1,545,395	2,739,432
Window replacements	353,658	308,031	-	-	308,031
Total Chapel Hill Carrboro Schools	<u>17,841,609</u>	<u>4,631,609</u>	<u>-</u>	<u>6,765,681</u>	<u>11,397,290</u>
Other expenditures	<u>60,000</u>	<u>242,845</u>	<u>242,845</u>	<u>39,115</u>	<u>39,115</u>
Total expenditures	<u>28,789,092</u>	<u>7,271,258</u>	<u>260,101</u>	<u>10,141,263</u>	<u>17,152,420</u>
Revenues over (under) expenditures	<u>(25,656,953)</u>	<u>(1,659,508)</u>	<u>1,773,434</u>	<u>(10,129,596)</u>	<u>(13,562,538)</u>
Other Financing Sources (Uses):					
Bonds issuance	14,170,874	4,271,434	-	9,899,439	14,170,873
Transfers in	11,486,079	6,042,265	275,068	5,159,091	10,926,288
Transfers out	-	(2,048,502)	(2,048,502)	-	-
Total other financing sources (uses)	<u>25,656,953</u>	<u>8,265,197</u>	<u>(1,773,434)</u>	<u>15,058,530</u>	<u>25,097,161</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,605,689</u>	<u>\$ -</u>	<u>4,928,934</u>	<u>\$ 11,534,623</u>
Fund Balance:					
Beginning of year - July 1				<u>6,605,689</u>	
End of year - June 30				<u>\$ 11,534,623</u>	

Nonmajor Governmental Funds

Capital Project Funds:

School Capital Reserve Fund -accounts for property tax revenues dedicated to the acquisition of land for future school and park sites.

County Capital Reserve Fund -accounts for accumulation of funds and revenues dedicated to address future County capital needs.

Special Revenue Funds:

Special Revenue Funds are used to account for financial resources that are restricted by law or administration action to finance particular functions or activities.

Impact Fee Fund - accounts for fees assessed on new residential development within the County. These fees are to be used for the construction of public school facilities throughout the County.

Community Development Fund - accounts for federal funds used for residential rehabilitation, street improvements, water and sewer, recreational facilities, relocation assistance in low income neighborhoods and affordable housing initiatives. This multi-year project is accounted for on a federal fiscal year basis.

Section 8 Housing Fund - accounts for HUD-funded programs, Section 8 Vouchers Program.

Grant Supported Fund - accounts for grants awarded for various County departments on the County's fiscal year basis.

Grant Projects Fund - accounts for grants awarded for various County departments on a federal fiscal year basis.

Emergency Telephone System Fund - accounts for revenues from E-911 subscriber fees and wireless 911 fees and expenditures associated with the purchase and maintenance of emergency communications equipment for the enhanced 911 computer aided dispatch system.

Visitors' Bureau Fund - accounts for proceeds of a 2% County-wide hotel/motel occupancy tax which is used by the Visitors' Bureau to maximize the economic benefit derived from visitors to the County.

Local Fire Districts Fund - accounts for the collection of special fire district taxes that are returned quarterly to the fire districts on a budgeted basis.

Heusner Fund - accounts for donations made by private individuals for use in foster care programs administered by the Department of Social Services.

Library Development Fund - accounts for donations made by private individuals for use in the County library.

Adoption Enhancement Fund - accounts for monies collected by Social Services from parents for the fees related to the adoption of a child.

Recreation Subdivision Fund - accounts for payments received from local developers to assist in construction of recreation projects in and around County subdivisions.

Spay/Neuter Fund - accounts for donations and fees received by private individuals to promote pet sterilization throughout the County.

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ORANGE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	Nonmajor Capital Project Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 480,461	\$ 5,846,964	\$ 6,327,425
Account receivable:			
Property taxes, net	-	103,543	103,543
Federal	-	50,550	50,550
State	-	143,800	143,800
Other	-	1,298,017	1,298,017
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 480,461</u>	<u>\$ 7,442,874</u>	<u>\$ 7,923,335</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 194,754	\$ 194,754
Deferred revenue	-	1,143,862	1,143,862
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>1,338,616</u>	<u>1,338,616</u>
Fund Balances:			
Restricted for:			
Stabilization for State statute	-	452,048	452,048
Restricted, all other	-	1,250,092	1,250,092
Committed:	480,461	563,941	1,044,402
Assigned	-	3,838,177	3,838,177
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>480,461</u>	<u>6,104,258</u>	<u>6,584,719</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 480,461</u>	<u>\$ 7,442,874</u>	<u>\$ 7,923,335</u>

ORANGE COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2011**

	Nonmajor Capital Project Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ -	\$ 4,463,971	\$ 4,463,971
Intergovernmental revenues	-	7,059,784	7,059,784
Charges for services	-	723,216	723,216
Investment earnings	618	8,743	9,361
Impact fees	-	1,459,901	1,459,901
Miscellaneous	3,492	262,795	266,287
Total revenues	<u>4,110</u>	<u>13,978,410</u>	<u>13,982,520</u>
Expenditures:			
Current:			
General services	-	1,431,127	1,431,127
Community and environment	-	5,952,159	5,952,159
Human services	-	631,313	631,313
Public safety	-	3,984,192	3,984,192
Total expenditures	<u>-</u>	<u>11,998,791</u>	<u>11,998,791</u>
Revenues over (under) expenditures	<u>4,110</u>	<u>1,979,619</u>	<u>1,983,729</u>
Other Financing Sources (Uses):			
Transfers in	-	345,966	345,966
Transfer out	-	(1,566,121)	(1,566,121)
Total other financing sources (uses)	<u>-</u>	<u>(1,220,155)</u>	<u>(1,220,155)</u>
Net change in fund balances	4,110	759,464	763,574
Fund Balances:			
Beginning of year - July 1	<u>476,351</u>	<u>5,344,794</u>	<u>5,821,145</u>
End of year - June 30	<u>\$ 480,461</u>	<u>\$ 6,104,258</u>	<u>\$ 6,584,719</u>

ORANGE COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	<u>School Capital Reserve Fund</u>	<u>County Capital Reserve Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Cash and investments	\$ 113,222	\$ 367,239	\$ 480,461
Total assets	<u>\$ 113,222</u>	<u>\$ 367,239</u>	<u>\$ 480,461</u>
Fund Balances:			
Committed:			
Education	\$ 113,222	\$ -	\$ 113,222
Governing and management	<u>-</u>	<u>367,239</u>	<u>367,239</u>
Total fund balances	<u>\$ 113,222</u>	<u>\$ 367,239</u>	<u>\$ 480,461</u>

ORANGE COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2011**

	School Capital Reserve Fund	County Capital Reserve Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Investment earnings	\$ 145	\$ 473	\$ 618
Miscellaneous	<u>1,396</u>	<u>2,096</u>	<u>3,492</u>
Total revenues	<u>1,541</u>	<u>2,569</u>	<u>4,110</u>
Net change in fund balances	1,541	2,569	4,110
Fund Balances:			
Beginning of year - July 1	<u>111,681</u>	<u>364,670</u>	<u>476,351</u>
End of year - June 30	<u>\$ 113,222</u>	<u>\$ 367,239</u>	<u>\$ 480,461</u>

ORANGE COUNTY, NORTH CAROLINA

**SCHOOL CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 145	\$ 145
Miscellaneous revenues	-	1,396	1,396
Total revenues	<u>-</u>	<u>1,541</u>	<u>1,541</u>
Net change in fund balance	<u>\$ -</u>	1,541	<u>\$ 1,541</u>
Fund Balance:			
Beginning of year - July 1		<u>111,681</u>	
End of year - June 30		<u>\$ 113,222</u>	

ORANGE COUNTY, NORTH CAROLINA

COUNTY CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	2011		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 473	\$ 473
Miscellaneous	-	2,096	2,096
Total revenues	-	2,569	2,569
Net change in fund balance	<u>\$ -</u>	2,569	<u>\$ 2,569</u>
Fund Balance:			
Beginning of year - July 1		<u>364,670</u>	
End of year - June 30		<u>\$ 367,239</u>	

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ORANGE COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

	Special Revenue Funds					
	<u>Impact Fee</u>	<u>Community Development</u>	<u>Section 8 Housing</u>	<u>Grant Supported</u>	<u>Grant Projects</u>	<u>Emergency Telephone System</u>
Assets:						
Cash and investments	\$ 1,740,914	\$ 230,618	\$ 1,205,923	\$ 62,891	\$ 523,540	\$ 487,288
Account receivable:						
Property taxes, net	-	-	-	-	-	-
Federal	-	-	-	-	50,550	-
State	-	-	-	78,197	10,849	54,754
Other	<u>173,079</u>	<u>1,000,000</u>	<u>962</u>	<u>34,611</u>	<u>1,744</u>	<u>-</u>
Total assets	<u>\$ 1,913,993</u>	<u>\$ 1,230,618</u>	<u>\$ 1,206,885</u>	<u>\$ 175,699</u>	<u>\$ 586,683</u>	<u>\$ 542,042</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 43,144	\$ 22,690	\$ 24,234	\$ 20,879	\$ 38,416
Deferred revenue	-	<u>1,000,000</u>	-	<u>40,319</u>	-	-
Total liabilities	<u>-</u>	<u>1,043,144</u>	<u>22,690</u>	<u>64,553</u>	<u>20,879</u>	<u>38,416</u>
Fund Balances:						
Restricted:						
Stabilization by State statute	173,079	-	962	72,489	63,143	54,754
Restricted, all other	-	-	-	-	-	448,872
Committed	-	-	-	-	502,661	-
Assigned	<u>1,740,914</u>	<u>187,474</u>	<u>1,183,233</u>	<u>38,657</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,913,993</u>	<u>187,474</u>	<u>1,184,195</u>	<u>111,146</u>	<u>565,804</u>	<u>503,626</u>
Total liabilities and fund balances	<u>\$ 1,913,993</u>	<u>\$ 1,230,618</u>	<u>\$ 1,206,885</u>	<u>\$ 175,699</u>	<u>\$ 586,683</u>	<u>\$ 542,042</u>

Special Revenue Funds

<u>Visitors' Bureau</u>	<u>Local Fire Districts</u>	<u>Heusner</u>	<u>Library Development</u>	<u>Adoption Enhancement</u>	<u>Recreation Subdivision</u>	<u>Spay Neuter</u>	<u>Nonmajor Governmental Funds</u>
\$ 406,132	\$ 436,239	\$ 9,144	\$ 138,880	\$ 61,280	\$ 464,536	\$ 79,579	\$ 5,846,964
-	103,543	-	-	-	-	-	103,543
-	-	-	-	-	-	-	50,550
-	-	-	-	-	-	-	143,800
87,621	-	-	-	-	-	-	1,298,017
<u>\$ 493,753</u>	<u>\$ 539,782</u>	<u>\$ 9,144</u>	<u>\$ 138,880</u>	<u>\$ 61,280</u>	<u>\$ 464,536</u>	<u>\$ 79,579</u>	<u>\$ 7,442,874</u>
\$ 41,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,240	\$ 194,754
-	103,543	-	-	-	-	-	1,143,862
<u>41,151</u>	<u>103,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,240</u>	<u>1,338,616</u>
87,621	-	-	-	-	-	-	452,048
364,981	436,239	-	-	-	-	-	1,250,092
-	-	-	-	61,280	-	-	563,941
-	-	9,144	138,880	-	464,536	75,339	3,838,177
<u>452,602</u>	<u>436,239</u>	<u>9,144</u>	<u>138,880</u>	<u>61,280</u>	<u>464,536</u>	<u>75,339</u>	<u>6,104,258</u>
<u>\$ 493,753</u>	<u>\$ 539,782</u>	<u>\$ 9,144</u>	<u>\$ 138,880</u>	<u>\$ 61,280</u>	<u>\$ 464,536</u>	<u>\$ 79,579</u>	<u>\$ 7,442,874</u>

ORANGE COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Impact Fee</u>	<u>Community Development</u>	<u>Section 8 Housing</u>	<u>Grant Supported</u>	<u>Grant Projects</u>	<u>Emergency Telephone System</u>
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	1,294,877	4,614,464	443,109	672,911	-
Charges for services	-	-	-	61,704	-	602,296
Investment earnings	2,234	-	1,682	-	-	420
Impact fees	1,459,901	-	-	-	-	-
Miscellaneous	-	2,000	55,000	21,159	-	-
Total revenues	<u>1,462,135</u>	<u>1,296,877</u>	<u>4,671,146</u>	<u>525,972</u>	<u>672,911</u>	<u>602,716</u>
Expenditures:						
Current:						
General services	-	1,431,127	-	-	-	-
Community and environment	-	-	4,228,557	598,692	38,630	-
Human services	-	-	-	-	596,433	-
Public safety	-	-	-	-	171,443	410,395
Total expenditures	<u>-</u>	<u>1,431,127</u>	<u>4,228,557</u>	<u>598,692</u>	<u>806,506</u>	<u>410,395</u>
Revenues over (under) expenditures	<u>1,462,135</u>	<u>(134,250)</u>	<u>442,589</u>	<u>(72,720)</u>	<u>(133,595)</u>	<u>192,321</u>
Other Financing Sources (Uses):						
Transfers in	-	276,277	-	69,689	-	-
Transfer out	<u>(800,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(800,000)</u>	<u>276,277</u>	<u>-</u>	<u>69,689</u>	<u>-</u>	<u>-</u>
Net change in fund balances	662,135	142,027	442,589	(3,031)	(133,595)	192,321
Fund Balances:						
Beginning of year - July 1	<u>1,251,858</u>	<u>45,447</u>	<u>741,606</u>	<u>114,177</u>	<u>699,399</u>	<u>311,305</u>
End of year - June 30	<u>\$ 1,913,993</u>	<u>\$ 187,474</u>	<u>\$ 1,184,195</u>	<u>\$ 111,146</u>	<u>\$ 565,804</u>	<u>\$ 503,626</u>

Schedule D-2

<u>Visitors' Bureau</u>	<u>Local Fire Districts</u>	<u>Heusner</u>	<u>Library Development</u>	<u>Adoption Enhancement</u>	<u>Recreation Subdivision</u>	<u>Spay Neuter</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 973,963	\$ 3,490,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,463,971
34,423	-	-	-	-	-	-	7,059,784
-	-	-	-	28,051	-	31,165	723,216
1,579	529	12	1,050	82	1,073	82	8,743
-	-	-	-	-	-	-	1,459,901
150,897	-	-	-	-	6,370	27,369	262,795
<u>1,160,862</u>	<u>3,490,537</u>	<u>12</u>	<u>1,050</u>	<u>28,133</u>	<u>7,443</u>	<u>58,616</u>	<u>13,978,410</u>
-	-	-	-	-	-	-	1,431,127
1,051,222	-	-	-	-	-	35,058	5,952,159
-	-	-	-	34,880	-	-	631,313
-	<u>3,402,354</u>	-	-	-	-	-	3,984,192
<u>1,051,222</u>	<u>3,402,354</u>	<u>-</u>	<u>-</u>	<u>34,880</u>	<u>-</u>	<u>35,058</u>	<u>11,998,791</u>
<u>109,640</u>	<u>88,183</u>	<u>12</u>	<u>1,050</u>	<u>(6,747)</u>	<u>7,443</u>	<u>23,558</u>	<u>1,979,619</u>
-	-	-	-	-	-	-	345,966
<u>(109,640)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(656,481)</u>	<u>-</u>	<u>(1,566,121)</u>
<u>(109,640)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(656,481)</u>	<u>-</u>	<u>(1,220,155)</u>
-	88,183	12	1,050	(6,747)	(649,038)	23,558	759,464
<u>452,602</u>	<u>348,056</u>	<u>9,132</u>	<u>137,830</u>	<u>68,027</u>	<u>1,113,574</u>	<u>51,781</u>	<u>5,344,794</u>
<u>\$ 452,602</u>	<u>\$ 436,239</u>	<u>\$ 9,144</u>	<u>\$ 138,880</u>	<u>\$ 61,280</u>	<u>\$ 464,536</u>	<u>\$ 75,339</u>	<u>\$ 6,104,258</u>

ORANGE COUNTY, NORTH CAROLINA

IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Fees - Orange County Schools	\$ 400,000	\$ 727,701	\$ 327,701
Fees - Chapel Hill, Carrboro	400,000	732,200	332,200
Total impact fees	<u>800,000</u>	<u>1,459,901</u>	<u>659,901</u>
Investments Earnings:			
Orange County Schools	-	1,776	1,776
Chapel Hill, Carrboro Schools	-	458	458
Total investment earnings	<u>-</u>	<u>2,234</u>	<u>2,234</u>
Total revenues	<u>800,000</u>	<u>1,462,135</u>	<u>662,135</u>
Other Financing Sources (Uses):			
Transfers out	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>662,135</u>	<u>\$ 662,135</u>
Fund Balance:			
Beginning of year - July 1		<u>1,251,858</u>	
End of year - June 30		<u>\$ 1,913,993</u>	

ORANGE COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Budget to Date	Actual		Total to Date
		Reported in Prior Year	Current Year	
Revenues:				
HUD grants	\$ 9,717,862	\$ 7,937,535	\$ 1,140,982	\$ 9,078,517
CDBG grants:				
Scattered site	1,300,000	292,395	128,140	420,535
HOME partnership	803,600	803,600	-	803,600
IDA	95,000	65,000	-	65,000
Hookup Grant	75,000	-	-	-
Investment earnings	1,000	8,394	-	8,394
Program income - HOME	1,674,694	888,708	25,755	914,463
Other	143,202	39,528	2,000	41,528
Total revenues	<u>13,810,358</u>	<u>10,035,160</u>	<u>1,296,877</u>	<u>11,332,037</u>
Expenditures:				
General Services:				
Administration	-	1,632,042	-	1,632,042
Administration - scattered site	-	78,430	-	78,430
Administration - IDA	170,000	192,144	-	192,144
Rehabilitation	2,409,728	4,942,232	237,668	5,179,900
Rehabilitation - HOME partnership	215,565	534,793	78,402	613,195
Rehabilitation - scattered site	800,000	244,017	81,438	325,455
Affordable housing - impact fee reimbursement	990,653	3,360,312	78,385	3,438,697
Affordable housing - HOME partnership	11,538,428	1,742,237	955,234	2,697,471
Public facilities improvement - HOME partnership	803,600	197,098	-	197,098
Administration - Hookup	75,000	-	-	-
Total expenditures	<u>17,002,974</u>	<u>12,923,305</u>	<u>1,431,127</u>	<u>14,354,432</u>
Revenues over (under) expenditures	<u>(3,192,616)</u>	<u>(2,888,145)</u>	<u>(134,250)</u>	<u>(3,022,395)</u>
Other Financing Sources (Uses):				
Transfers in	3,178,650	3,720,683	276,277	3,996,960
Transfers out	-	(787,091)	-	(787,091)
Appropriated fund balance	13,966	-	-	-
Total other financing sources (uses)	<u>3,192,616</u>	<u>2,933,592</u>	<u>276,277</u>	<u>3,209,869</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 45,447</u>	142,027	<u>\$ 187,474</u>
Fund Balance:				
Beginning of year - July 1			<u>45,447</u>	
End of year - June 30			<u>\$ 187,474</u>	

ORANGE COUNTY, NORTH CAROLINA

SECTION 8 HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30,2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Federal grants:			
Housing vouchers	\$ 4,598,183	\$ 4,614,464	\$ 16,281
Investment earnings	-	1,682	1,682
Miscellaneous	-	55,000	55,000
Total revenues	<u>4,598,183</u>	<u>4,671,146</u>	<u>72,963</u>
Expenditures:			
Community and Environment:			
Housing vouchers:			
Administration	524,274	495,567	(28,707)
Assistance payments	<u>4,159,175</u>	<u>3,732,990</u>	<u>(426,185)</u>
Total expenditures	<u>4,683,449</u>	<u>4,228,557</u>	<u>(454,892)</u>
Revenues over (under) expenditures	<u>(85,266)</u>	<u>442,589</u>	<u>527,855</u>
Other Financing Sources (Uses):			
Transfers in (out)	<u>85,266</u>	-	<u>(85,266)</u>
Total other financing sources (uses)	<u>85,266</u>	-	<u>(85,266)</u>
Net change in fund balance	<u>\$ -</u>	<u>442,589</u>	<u>\$ 442,589</u>
Fund Balance:			
Beginning of year - July 1		<u>741,606</u>	
End of year - June 30		<u>\$ 1,184,195</u>	

ORANGE COUNTY, NORTH CAROLINA

**GRANT SUPPORTED PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Health grants	\$ 227,294	\$ 221,422	\$ (5,872)
Aging	49,000	49,495	495
Sheriff	195,017	172,192	(22,825)
Charges for services	60,000	61,704	1,704
Miscellaneous revenues	20,485	21,159	674
Total revenues	<u>551,796</u>	<u>525,972</u>	<u>(25,824)</u>
Expenditures:			
Human Services:			
Health:			
Personal services	109,641	112,890	3,249
Operating	40,277	35,911	(4,366)
Aging:			
Personal services	132,325	137,195	4,870
Operating	105,798	90,235	(15,563)
EMS:			
Personal services	51,824	53,978	2,154
Operating	192,173	168,483	(23,690)
Total expenditures	<u>632,038</u>	<u>598,692</u>	<u>(33,346)</u>
Revenues over (under) expenditures	<u>(80,242)</u>	<u>(72,720)</u>	<u>7,522</u>
Other Financing Sources (Uses):			
Transfer in	69,689	69,689	-
Appropriated fund balance	10,553	-	(10,553)
Total other financing sources (uses)	<u>80,242</u>	<u>69,689</u>	<u>(10,553)</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,031)</u>	<u>\$ (3,031)</u>
Fund Balance:			
Beginning of year - July 1		<u>114,177</u>	
End of year - June 30		<u>\$ 111,146</u>	

ORANGE COUNTY, NORTH CAROLINA

GRANTS PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Budget to Date	Actual		Total to Date
		Reported in Prior Year	Current Year	
Revenues:				
Social Services grants	\$ 1,301,248	\$ 344,429	\$ 521,743	\$ 866,172
Health grants	2,765,940	2,105,683	75,542	2,181,225
Cooperative extension	331,971	112,593	-	112,593
Aging	473,526	(363)	-	(363)
Emergency Management grants	2,789,495	1,406,316	-	1,406,316
Sheriff	3,000,225	2,768,482	75,626	2,844,108
Planning	502,349	447,485	-	447,485
Library	96,584	14,971	-	14,971
Total revenues	<u>11,261,338</u>	<u>7,199,596</u>	<u>672,911</u>	<u>7,872,507</u>
Expenditures:				
Community and Environment:				
Operating	-	50,873	-	50,873
Social Services:				
Personal services	493,558	84,329	93,737	178,066
Operating	697,648	137,301	414,765	552,066
Health:				
Personal services	1,859,977	1,499,002	45,582	1,544,584
Operating	1,264,547	523,742	42,349	566,091
Cooperative extension:				
Personal services	143,669	148,915	13,555	162,470
Operating	188,302	71,974	25,075	97,049
Aging:				
Personal services	239,327	-	-	-
Operating	234,199	17,806	-	17,806
EMS:				
Personal services	-	87,782	-	87,782
Operating	3,127,785	3,243,752	-	3,243,752
Sheriff:				
Personal services	2,148,067	209,729	-	209,729
Operating	1,358,737	927,070	75,769	1,002,839
Planning:				
Personal services	411,777	205,297	40,000	245,297
Operating	500,499	300,827	55,674	356,501
Library:				
Operating	15,113	15,099	-	15,099
Total expenditures	<u>12,683,205</u>	<u>7,523,498</u>	<u>806,506</u>	<u>8,330,004</u>

ORANGE COUNTY, NORTH CAROLINA

GRANTS PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Budget to Date	Actual		Total to Date
		Reported in Prior Year	Current Year	
Revenues over (under) expenditures	<u>(1,421,867)</u>	<u>(323,902)</u>	<u>(133,595)</u>	<u>(457,497)</u>
Other Financing Sources (Uses):				
Transfers to General Fund	(109,892)	(24,917)	-	(24,917)
Transfers in	<u>1,531,759</u>	<u>1,048,218</u>	<u>-</u>	<u>1,048,218</u>
Total other financing sources (uses)	<u>1,421,867</u>	<u>1,023,301</u>	<u>-</u>	<u>1,023,301</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 699,399</u>	(133,595)	<u>\$ 565,804</u>
Fund Balance:				
Beginning of year - July 1			<u>699,399</u>	
End of year - June 30			<u>\$ 565,804</u>	

ORANGE COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011**

	2011		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 420	\$ 420
Subscriber fees	424,276	602,296	178,020
Total revenues	<u>424,276</u>	<u>602,716</u>	<u>178,440</u>
Expenditures:			
Personal services	134,120	137,538	3,418
Operations	258,156	245,734	(12,422)
Capital outlay	87,042	27,123	(59,919)
Total expenditures	<u>479,318</u>	<u>410,395</u>	<u>(68,923)</u>
Revenues over (under) expenditures	<u>(55,042)</u>	<u>192,321</u>	<u>247,363</u>
Other Financing Sources (Uses):			
Appropriated fund balance	55,042	-	(55,042)
Total other financing sources (uses)	<u>55,042</u>	<u>-</u>	<u>(55,042)</u>
Net change in fund balance	<u>\$ -</u>	192,321	<u>\$ 192,321</u>
Fund Balance:			
Beginning of year - July 1		<u>311,305</u>	
End of year - June 30		<u>\$ 503,626</u>	

ORANGE COUNTY, NORTH CAROLINA

VISITORS' BUREAU FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Occupancy tax	\$ 785,197	\$ 973,963	\$ 188,766
State Arts Grant	34,423	34,423	-
Investment earnings	4,300	1,579	(2,721)
Other	150,750	150,897	147
Total revenues	<u>974,670</u>	<u>1,160,862</u>	<u>186,192</u>
Expenditures:			
Community and environment Operations	675,737	663,497	(12,240)
Personal services	370,281	381,080	10,799
Capital outlay	<u>6,917</u>	<u>6,645</u>	<u>(272)</u>
Total expenditures	<u>1,052,935</u>	<u>1,051,222</u>	<u>(1,713)</u>
Revenues over (under) expenditures	<u>(78,265)</u>	<u>109,640</u>	<u>187,905</u>
Other Financing Sources (Uses):			
Transfer to County Capital Project	(200,000)	(109,640)	90,360
Appropriated fund balance	<u>278,265</u>	<u>-</u>	<u>(278,265)</u>
Total other financing sources (uses)	<u>78,265</u>	<u>(109,640)</u>	<u>(187,905)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>452,602</u>	
End of year - June 30		<u>\$ 452,602</u>	

ORANGE COUNTY, NORTH CAROLINA

LOCAL FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	2011		
	Budget	Actual	Variance Over/Under
Revenues:			
Property taxes, current	\$ 3,347,736	\$ 3,444,487	\$ 96,751
Property taxes, delinquent	32,967	45,521	12,554
Investment earnings	1,651	529	(1,122)
Total revenues	<u>3,382,354</u>	<u>3,490,537</u>	<u>108,183</u>
Expenditures:			
Public Safety:			
Remittance to fire districts	3,402,354	3,402,354	-
Total expenditures	<u>3,402,354</u>	<u>3,402,354</u>	<u>-</u>
Revenues over (under) expenditures	(20,000)	88,183	108,183
Other Financing Sources (Uses):			
Appropriated fund balance	20,000	-	(20,000)
Net change in fund balance	<u>\$ -</u>	88,183	<u>\$ 88,183</u>
Fund Balance:			
Beginning of year - July 1		<u>348,056</u>	
End of year - June 30		<u>\$ 436,239</u>	

ORANGE COUNTY, NORTH CAROLINA

HEUSNER FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>2011</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 12	\$ 12
Fund Balance:			
Beginning of year - July 1		<u>9,132</u>	
End of year - June 30		<u>\$ 9,144</u>	

ORANGE COUNTY, NORTH CAROLINA

LIBRARY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>2011</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 1,050	\$ 1,050
Net change in fund balance	<u>\$ -</u>	1,050	<u>\$ 1,050</u>
Fund Balance:			
Beginning of year - July 1		<u>137,830</u>	
End of year - June 30		<u>\$ 138,880</u>	

ORANGE COUNTY, NORTH CAROLINA

ADOPTION ENHANCEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Budget to Date	Reported in Prior Year	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 17,059	\$ 82	\$ 17,141
Charges for services	428,456	402,055	28,051	430,106
Total revenues	<u>428,456</u>	<u>419,114</u>	<u>28,133</u>	<u>447,247</u>
Expenditures:				
Adoption enhancement	505,401	428,032	34,880	462,912
Total expenditures	<u>505,401</u>	<u>428,032</u>	<u>34,880</u>	<u>462,912</u>
Revenues over (under) expenditures	(76,945)	(8,918)	(6,747)	(15,665)
Other Financing Sources (Uses):				
Transfers from other funds	76,945	76,945	-	76,945
Net change in fund balance	<u>\$ -</u>	<u>\$ 68,027</u>	(6,747)	<u>\$ 61,280</u>
Fund Balance:				
Beginning of year - July 1			<u>68,027</u>	
End of year - June 30			<u>\$ 61,280</u>	

ORANGE COUNTY, NORTH CAROLINA

RECREATION SUBDIVISION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	2011		
	Budget	Actual	Variance Over/Under
Revenues:			
Investment earnings	\$ -	\$ 1,073	\$ 1,073
Subdivision payments	-	6,370	6,370
Total revenues	-	7,443	7,443
Other Financing Sources (Uses):			
Transfer out	(656,481)	(656,481)	-
Appropriated fund balance	656,481	-	(656,481)
Total other financing sources (uses)	-	(656,481)	(656,481)
Net change in fund balance	\$ -	(649,038)	\$ (649,038)
Fund Balance:			
Beginning of year - July 1		1,113,574	
End of year - June 30		\$ 464,536	

ORANGE COUNTY, NORTH CAROLINA

SPAY NEUTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 82	\$ 82
Animal tax	27,000	31,165	4,165
Donations	2,500	160	(2,340)
Miscellaneous revenues	4,000	27,209	23,209
Total revenues	<u>33,500</u>	<u>58,616</u>	<u>25,116</u>
Expenditures:			
Community and Environment:			
Operations	<u>43,500</u>	<u>35,058</u>	<u>(8,442)</u>
Total expenditures	<u>43,500</u>	<u>35,058</u>	<u>(8,442)</u>
Revenues over (under) expenditures	<u>(10,000)</u>	<u>23,558</u>	<u>33,558</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total other financing sources (uses)	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>23,558</u>	<u>\$ 23,558</u>
Fund Balance:			
Beginning of year - July 1		<u>51,781</u>	
End of year - June 30		<u>\$ 75,339</u>	

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Enterprise Funds

The Enterprise Funds are used to account for operations that are intended to be self supporting through charges made to users of the services provided or where the determination of net income is an important factor.

Major Enterprise Funds

Solid Waste Landfill Fund - accounts for revenues and expenses related to the provision of solid waste disposal and recycling activities for the citizens of Orange County.

SportsPlex Fund - accounts for revenues and expenses related to the operation of the Triangle SportsPlex.

Nonmajor Enterprise Fund

Efland Sewer Enterprise Fund - accounts for revenues and expenses related to the Provision of sewer service. The financial statements that follow present the two main Activities of this fund-operations and construction separately in detailed schedules.

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ORANGE COUNTY, NORTH CAROLINA

SOLID WASTE LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011

	2011		
	Budget	Actual	Variance Over/Under
Revenues:			
Landfill fees	\$ 2,676,276	\$ 2,977,900	\$ 301,624
Recycling	4,131,132	4,902,859	771,727
Mulch sales	110,000	141,177	31,177
Grants - State	390,622	414,853	24,231
Other	-	149,296	149,296
Investment earnings	74,250	15,575	(58,675)
Gain on disposal of fixed assets	500	-	(500)
Total revenues	<u>7,382,780</u>	<u>8,601,660</u>	<u>1,218,880</u>
Expenditures:			
Administration	1,392,331	1,360,262	32,069
Landfill	2,958,950	2,432,824	526,126
Recycling	2,806,861	2,486,669	320,192
Contract services	1,112,390	980,090	132,300
Total expenditures	<u>8,270,532</u>	<u>7,259,845</u>	<u>1,010,687</u>
Revenues over (under) expenditures	<u>(887,752)</u>	<u>1,341,815</u>	<u>2,229,567</u>
Other Financing Sources (Uses):			
Debt service - principal	(558,967)	(583,433)	(24,466)
Debt service - interest	-	(149,131)	(149,131)
Transfers in	1,403,060	1,403,060	-
Capital contributions	(935,916)	-	935,916
Appropriated fund balance	979,575	-	(979,575)
Total other financing sources (uses)	<u>887,752</u>	<u>670,496</u>	<u>(217,256)</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 2,012,311</u>	<u>\$ 2,012,311</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Solid Waste Fund, Revenues and other financing sources over (under) expenditures and other financing uses		\$ 2,012,311	
Reconciling items:			
Depreciation		(1,351,219)	
Post-closing cost		(1,264,383)	
OPEB		(411,799)	
Capital contributions - assets		342,614	
Transfer of debt obligation to governmental activities		(493,494)	
Debt service - principal		<u>583,433</u>	
Change in net assets		<u>\$ (582,537)</u>	

ORANGE COUNTY, NORTH CAROLINA

SPORTSPLEX FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011

	2011		
	Budget	Actual	Variance Over/Under
Revenues:			
Service fees	\$ 2,400,000	\$ 2,644,052	\$ (244,052)
Grant funding	41,480	39,975	1,505
Total revenues	<u>2,441,480</u>	<u>2,684,027</u>	<u>(242,547)</u>
Expenditures:			
Operations	<u>2,571,782</u>	<u>2,439,459</u>	<u>132,323</u>
Revenues over (under) expenditures	<u>(130,302)</u>	<u>244,568</u>	<u>(374,870)</u>
Other Financing Sources (Uses):			
Debt service, principal	(648,938)	(376,444)	(272,494)
Debt service, interest	-	(267,622)	267,622
Transfers in	725,000	725,000	-
Appropriated fund balance	54,240	-	54,240
Total other financing sources (uses)	<u>130,302</u>	<u>80,934</u>	<u>49,368</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 325,502</u>	<u>\$ 325,502</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
SportsPlex Operating Fund:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 325,502	
Reconciling items:			
Depreciation expense		(270,072)	
Debt service		376,444	
Total reconciling items		<u>106,372</u>	
Change in net assets		<u>\$ 431,874</u>	

ORANGE COUNTY, NORTH CAROLINA

**EFLAND SEWER OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Actual</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Service fees	\$ 119,000	\$ 124,774	\$ 5,774
Interest on investments	-	178	178
Total revenues	<u>119,000</u>	<u>124,952</u>	<u>5,952</u>
Expenditures:			
Operations	174,950	170,272	(4,678)
Repairs and maintenance	40,000	39,984	(16)
Total expenditures	<u>214,950</u>	<u>210,256</u>	<u>(4,694)</u>
Revenues over (under) expenditures	<u>(95,950)</u>	<u>(85,304)</u>	<u>10,646</u>
Other Financing Sources (Uses):			
Transfers in	95,950	95,950	-
Total other financing sources (uses)	<u>95,950</u>	<u>95,950</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 10,646</u>	<u>\$ 10,646</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Efland Sewer Operating Fund:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 10,646	
Reconciling items:			
Depreciation expense		<u>(191,433)</u>	
Change in net assets		<u>\$ (180,787)</u>	

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Internal Service Funds

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ORANGE COUNTY, NORTH CAROLINA

DENTAL INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Operating Revenues:			
Employee contributions	\$ 387,245	\$ 377,672	\$ (9,573)
Operating Expenditures:			
General and administrative	-	24,387	(24,387)
Claims expense	462,967	438,580	24,387
Total operating expenditures	<u>462,967</u>	<u>462,967</u>	<u>-</u>
.			
Operating income (loss)	<u>(75,722)</u>	<u>(85,295)</u>	<u>(9,573)</u>
Non-Operating Revenues:			
Investment earnings	<u>-</u>	<u>436</u>	<u>436</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>75,722</u>	<u>-</u>	<u>(75,722)</u>
Change in net assets	<u>\$ -</u>	<u>(84,859)</u>	<u>\$ (84,859)</u>
Net Assets:			
Beginning of year - July 1		<u>363,690</u>	
End of year - June 30		<u>\$ 278,831</u>	

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Agency Funds

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2011

	<u>School District</u>	<u>Jail Inmate Trust</u>	<u>Cooperative Extension 4-H</u>	<u>Hyconeechee Regional Library</u>
Assets:				
Cash and investments	\$ 78,848	\$ 94,607	\$ 67,001	\$ 3,374
Accounts receivable, property taxes	271,877	-	-	-
Accounts receivable, other	-	-	-	2,762
Total assets	<u>\$ 350,725</u>	<u>\$ 94,607</u>	<u>\$ 67,001</u>	<u>\$ 6,136</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 350,725	\$ 94,607	\$ 3,983	\$ 6,136
Due to cooperative extension	-	-	63,018	-
Total liabilities	<u>\$ 350,725</u>	<u>\$ 94,607</u>	<u>\$ 67,001</u>	<u>\$ 6,136</u>

American Stone No Fault Well Repair	Communication Tower Trust	Motor Vehicle Tax	DSS Trust	Register of Deeds Trust Fee	Totals
\$ 120,598	\$ 6,612	\$ 6,821	\$ 98,513	\$ 2,220	\$ 478,594
-	-	-	-	-	271,877
-	-	-	-	-	2,762
<u>\$ 120,598</u>	<u>\$ 6,612</u>	<u>\$ 6,821</u>	<u>\$ 98,513</u>	<u>\$ 2,220</u>	<u>\$ 753,233</u>
\$ 120,598	\$ 6,612	\$ 6,821	\$ 98,513	\$ 2,220	\$ 690,215
-	-	-	-	-	63,018
<u>\$ 120,598</u>	<u>\$ 6,612</u>	<u>\$ 6,821</u>	<u>\$ 98,513</u>	<u>\$ 2,220</u>	<u>\$ 753,233</u>

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>School District Fund</u>				
Assets:				
Cash and investments	\$ 59,265	\$ 19,350,429	\$ 19,330,846	\$ 78,848
Accounts receivable, property taxes	253,502	19,248,194	19,229,819	271,877
Total assets	<u>\$ 312,767</u>	<u>\$ 38,598,623</u>	<u>\$ 38,560,665</u>	<u>\$ 350,725</u>
Liabilities:				
Accounts payable	<u>\$ 312,767</u>	<u>\$ 38,598,622</u>	<u>\$ 38,560,664</u>	<u>\$ 350,725</u>
<u>Jail Inmate Fund</u>				
Assets:				
Cash and investments	<u>\$ 85,262</u>	<u>\$ 309,336</u>	<u>\$ 299,991</u>	<u>\$ 94,607</u>
Liabilities:				
Accounts payable	<u>\$ 85,262</u>	<u>\$ 309,336</u>	<u>\$ 299,991</u>	<u>\$ 94,607</u>
<u>Cooperative Extension 4-H Fund</u>				
Assets:				
Cash and investments	<u>\$ 72,881</u>	<u>\$ 138,418</u>	<u>\$ 144,296</u>	<u>\$ 67,001</u>
Liabilities:				
Accounts payable	\$ 12,891	\$ 65,261	\$ 74,169	\$ 3,983
Due to cooperative extension	59,990	73,157	70,129	63,018
Total assets	<u>\$ 72,881</u>	<u>\$ 138,418</u>	<u>\$ 144,298</u>	<u>\$ 67,001</u>
<u>Hvconeechee Regional Library Fund</u>				
Assets:				
Cash and investments	\$ 448	\$ 466,614	\$ 463,688	\$ 3,374
Accounts receivable, other	4,561	2,762	4,561	2,762
Total assets	<u>\$ 5,009</u>	<u>\$ 469,376</u>	<u>\$ 468,249</u>	<u>\$ 6,136</u>
Liabilities:				
Accounts payable	<u>\$ 5,009</u>	<u>\$ 469,376</u>	<u>\$ 468,249</u>	<u>\$ 6,136</u>
Total assets	<u>\$ 5,009</u>	<u>\$ 469,376</u>	<u>\$ 468,249</u>	<u>\$ 6,136</u>
<u>American Stone No Fault Well Repair</u>				
Assets:				
Cash and investments	<u>\$ 112,113</u>	<u>\$ 15,150</u>	<u>\$ 6,665</u>	<u>\$ 120,598</u>
Liabilities:				
Accounts payable	<u>\$ 112,113</u>	<u>\$ 15,150</u>	<u>\$ 6,665</u>	<u>\$ 120,598</u>

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>Communication Tower Trust Fund</u>				
Assets:				
Cash and investments	\$ 2,547	\$ 16,006	\$ 11,941	\$ 6,612
Liabilities:				
Accounts payable	\$ 2,547	\$ 16,006	\$ 11,941	\$ 6,612
<u>Motor Vehicle Tax</u>				
Assets:				
Cash and investments	\$ 4,597	\$ 72,901	\$ 70,677	\$ 6,821
Liabilities:				
Accounts payable	\$ 4,597	\$ 72,901	\$ 70,677	\$ 6,821
<u>DSS Trust Fund</u>				
Assets:				
Cash and investments	\$ 125,979	\$ 406,194	\$ 433,660	\$ 98,513
Liabilities:				
Accounts payable	\$ 125,979	\$ 406,194	\$ 433,660	\$ 98,513
<u>Register of Deeds Trust Fee</u>				
Assets:				
Cash and investments	\$ -	\$ 30,740	\$ 28,520	\$ 2,220
Liabilities:				
Accounts payable	\$ -	\$ 30,740	\$ 28,520	\$ 2,220
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 463,092	\$ 20,775,048	\$ 20,761,764	\$ 478,594
Accounts receivable - property taxes	253,502	19,248,194	19,229,819	271,877
Accounts receivable - other	4,561	2,762	4,561	2,762
Total assets	<u>\$ 721,155</u>	<u>\$ 40,026,004</u>	<u>\$ 39,996,144</u>	<u>\$ 753,233</u>
Liabilities:				
Accounts payable	\$ 661,165	\$ 39,952,846	\$ 39,926,016	\$ 690,215
Due to cooperative extension	59,990	73,157	70,129	63,018
Total liabilities	<u>\$ 721,155</u>	<u>\$ 40,026,003</u>	<u>\$ 39,996,145</u>	<u>\$ 753,233</u>

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Supplemental Financial Data

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ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
JUNE 30, 2011

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2010</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2011</u>
2010-2011	\$ -	\$ 135,126,347	\$ 133,163,625	\$ 1,962,722
2009-2010	1,833,449	-	1,278,675	554,774
2008-2009	412,771	-	165,014	247,757
2008 and prior	<u>1,707,336</u>	<u>-</u>	<u>922,517</u>	<u>784,819</u>
Total	<u>\$ 3,953,556</u>	<u>\$ 135,126,347</u>	<u>\$ 135,529,831</u>	3,550,072
Less: Allowance for uncollectible accounts				<u>(1,169,749)</u>
Ad valorem taxes receivable, net				<u>\$ 2,380,323</u>
Reconciliation with Revenues:				
Taxes - Ad Valorem - General Fund				\$ 134,058,937
Reconciling items:				
Interest and penalties				533,864
Miscellaneous adjustment				177,353
Releases and adjustments				<u>759,677</u>
Total collections and credits				<u>\$ 135,529,831</u>

ORANGE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Property Valuation**</u>	<u>Rate Per \$100</u>	<u>Total Adjusted Levy*</u>	<u>Total Levy</u>	
				<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at current year's rate	\$ 15,419,607,809	\$ 0.00858	\$ 132,300,235	\$ 127,672,103	\$ 4,628,132
Motor vehicles taxed at prior year rate	321,869,930	0.00858	2,761,644	-	2,761,644
Late list penalties	6,536,713		56,085	56,085	-
Lien advertisement	-		8,383	8,383	-
Total	<u>15,748,014,452</u>		135,126,347	127,736,571	7,389,776
Uncollected taxes at June 30, 2011			<u>1,962,722</u>	<u>1,309,119</u>	<u>653,603</u>
Current Year's Taxes Collected			<u>\$ 133,163,625</u>	<u>\$ 126,427,452</u>	<u>\$ 6,736,173</u>
Current Levy Collection Percentage			<u>98.55%</u>	<u>98.98%</u>	<u>91.16%</u>

* Total adjusted levy includes discoveries and abatements.

**Property tax valuation prior to the discoveries and abatements

Statistical Section

The information presented in this section is provided for additional analytical purposes and reflects certain social and economic data, as well as financial trends and other fiscal information

Financial Trends: These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity: These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity: These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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ORANGE COUNTY, NORTH CAROLINA

Table 1

Net Assets By Component
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	For Year Ended June 30								
	2011	2010	2009	2008	2007 (As Restated)	2006 (As Restated)	2005 (As Restated)	2004 (As Restated)	2003 (As Restated)
Governmental activities									
Invested in capital assets, net of related debt	\$ 33,142,313	\$ 31,659,037	\$ 15,390,929	\$ 10,104,943	\$ 25,802,378	\$ 8,323,542	\$ (2,329,884)	\$ 6,033,496	\$ 3,363,763
Restricted for:									
Capital assets	-	-	-	-	-	22,521,235	-	500,511	20,122,226
Stabilization by State statute	8,727,555	-	-	-	-	-	-	-	-
Restricted, all other	1,250,092	-	-	-	-	-	-	-	1,392,207
Unrestricted	(110,118,490)	(113,765,405)	(116,043,276)	(118,028,841)	(107,189,190)	(112,977,847)	(71,473,372)	(79,627,592)	(90,754,566)
Total governmental activities net assets	\$ (66,998,530)	\$ (82,106,368)	\$ (100,652,347)	\$ (107,923,898)	\$ (81,386,812)	\$ (82,133,070)	\$ (73,803,256)	\$ (73,093,585)	\$ (65,876,370)
Business-type activities									
Invested in capital assets, net of related debt	\$ 6,877,907	\$ 7,762,990	\$ 7,932,387	\$ 6,705,214	\$ 3,363,225	\$ 5,334,757	\$ 5,331,054	\$ 6,034,422	\$ 6,728,112
Unrestricted	(4,193)	(557,826)	1,459,512	4,279,258	3,566,096	1,595,064	812,996	(582,170)	(187,000)
Total business-type activities net assets	\$ 6,873,714	\$ 7,205,164	\$ 9,391,899	\$ 10,984,472	\$ 6,929,321	\$ 6,929,821	\$ 6,144,050	\$ 5,452,252	\$ 6,541,112
Primary government									
Invested in capital assets, net of related debt	\$ 40,020,220	\$ 39,422,027	\$ 23,323,316	\$ 16,810,157	\$ 29,165,603	\$ 13,658,299	\$ 3,001,170	\$ 12,067,918	\$ 10,091,875
Restricted for:									
Stabilization by State statute	8,727,555	-	-	-	-	-	-	-	-
Capital assets	-	-	-	-	-	22,521,235	-	500,511	20,122,226
Restricted, all other	1,250,092	-	-	-	-	-	-	-	1,392,207
Unrestricted	(110,122,683)	(114,323,231)	(114,583,764)	(113,749,583)	(103,623,094)	(111,382,783)	(70,660,376)	(80,209,762)	(90,941,566)
Total primary government net assets	\$ (60,124,816)	\$ (74,901,204)	\$ (91,260,448)	\$ (96,939,426)	\$ (74,457,491)	\$ (75,203,249)	\$ (67,659,206)	\$ (67,641,333)	\$ (59,335,258)

Note: Accrual-basis financial information for the County government, as a whole, is available back to 2003 only, the year GASB Statement 34 was implemented.

In accordance with North Carolina law, liabilities of the County include approximately \$154 million in long-term debt associated with assets belonging to the Orange County Board of Education and the Chapel Hill-Carrboro Board of Education. As these assets are not reflected on the County's financial statements, while the full amount of long-term debt reflected on the County's financial statements, the County reports a deficit in net assets.

ORANGE COUNTY, NORTH CAROLINA

Changes in Net Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	For Year Ended June 30								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:									
Governmental activities:									
Governing and management	\$ 23,192,706	\$ 23,366,641	\$ 10,816,693	\$ 14,898,928	\$ 10,364,753	\$ 9,013,179	\$ 11,633,062	\$ 11,581,882	\$ 7,984,601
General services	7,155,635	6,826,209	18,730,842	12,422,454	11,404,059	10,371,173	10,095,265	8,168,947	9,447,392
Community and environment	10,288,447	12,726,270	10,932,997	20,065,425	9,922,055	9,078,254	8,939,210	9,893,926	8,022,768
Human services	33,536,733	33,011,737	37,604,903	38,842,566	34,318,247	33,499,003	32,558,212	29,540,568	28,075,210
Education	74,053,776	66,641,699	74,276,350	86,812,048	85,157,632	82,853,757	58,910,220	61,463,034	62,967,519
Public safety	22,352,109	21,796,091	20,166,400	23,399,912	20,546,205	18,278,983	16,685,076	15,781,817	14,462,403
Cultural and recreational	1,802,668	1,007,304	3,751,394	3,191,198	3,245,515	2,508,464	2,430,733	1,918,031	1,538,918
Interest on long-term debt	8,948,063	10,495,788	9,539,848	10,501,269	8,290,604	7,526,775	6,508,674	6,766,691	6,480,482
Total governmental activities expenses	181,330,137	175,871,739	185,819,427	210,133,800	183,249,070	173,129,588	147,760,452	145,114,896	138,979,293
Business-Type activities:									
Landfill	10,436,377	11,216,161	10,036,966	8,342,749	6,560,515	6,691,328	5,766,797	5,456,187	4,722,846
Sewer	401,689	305,171	269,822	193,535	209,020	181,329	177,477	237,150	921,655
SportsPlex	2,977,153	2,937,975	3,145,593	2,800,482	2,721,368	1,322,837	-	-	-
Total business-type activities expenses	13,815,219	14,459,307	13,452,381	11,336,766	9,490,903	8,195,494	5,944,274	5,693,337	5,644,501
Total primary government expenses	195,145,356	190,331,046	199,271,808	221,470,566	192,739,973	181,325,082	153,704,726	150,808,233	144,623,794
Revenues:									
Governmental activities:									
Program revenues:									
Charges for services	12,532,375	11,926,481	11,707,014	12,233,135	13,340,016	11,926,850	10,861,457	10,747,239	10,409,508
Operating grants and contributions	24,934,383	25,180,675	23,255,128	23,447,199	23,514,334	21,785,974	20,838,946	19,304,008	19,075,713
Capital grants and contributions	5,578,325	4,270,546	5,900,817	1,648,654	3,857,083	26,673	953,634	60,068	-
General revenues:									
Property taxes	140,247,782	137,966,129	130,773,568	122,093,823	114,240,169	103,277,416	91,188,353	84,879,390	80,396,482
Other taxes	15,115,418	15,441,100	19,736,772	24,058,200	23,319,221	21,795,500	20,448,762	19,138,144	16,555,551
Other	102,822	(367,213)	2,222,054	2,340,763	3,724,713	4,903,090	2,966,288	2,446,239	2,963,720
Total governmental activities program revenues	198,511,105	194,417,718	193,595,353	185,821,774	181,995,536	163,715,503	147,257,440	136,575,088	129,400,974

ORANGE COUNTY, NORTH CAROLINA

Changes in Net Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	For Year Ended June 30								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Business-type activities:									
Charges for services	10,980,033	10,724,011	10,233,917	10,624,806	9,833,042	8,094,895	6,847,668	4,428,918	4,633,446
Operating grants and contributions	414,853	434,968	401,180	198,046	215,234	195,214	215,868	191,750	299,083
Other	15,753	1,113,593	720,336	2,344,005	1,237,757	672,117	96,679	30,379	39,708
Total business-type activities program revenues	11,410,639	12,272,572	11,355,433	13,166,857	11,286,033	8,962,226	7,160,215	4,651,047	4,972,237
Total primary government program revenues	209,921,744	206,690,290	204,950,786	198,988,631	193,281,569	172,677,729	154,417,655	141,226,135	134,373,211
Increase (decrease) in net assets	14,776,388	16,359,244	5,678,978	(22,481,935)	541,596	(8,647,353)	712,929	(9,582,098)	(10,250,583)
Change in net assets									
Net assets, July 1, previously reported	(74,901,204)	(91,260,448)	(96,939,426)	(74,457,491)	(75,203,249)	(67,659,206)	(67,641,333)	(59,335,258)	(48,641,062)
Prior period adjustment	-	-	-	-	204,162	1,103,310	(730,802)	1,276,023	(443,613)
Net assets, July 1, restated	(74,901,204)	(91,260,448)	(96,939,426)	(74,457,491)	(74,999,087)	(66,555,896)	(68,372,135)	(58,059,235)	(49,084,675)
Total net assets, June 30	\$ (60,124,816)	\$ (74,901,204)	\$ (91,260,448)	\$ (96,939,426)	\$ (74,457,491)	\$ (75,203,249)	\$ (67,659,206)	\$ (67,641,333)	\$ (59,335,258)

Note: Accrual-basis financial information for the County government, as a whole, is available back to 2003 only, the year GASB Statement 34 was implemented.

ORANGE COUNTY, NORTH CAROLINA

Table 3

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2011	For Year Ended June 30									
		2010	2009	2008	2007	2006	2005	2004	2003	2002	
General Fund		General Fund									
Non-spendable:		Reserved for:									
Prepaid items	\$ 12,794	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	115,521	143,078	181,031	113,966	113,966	114,036	82,251	83,803	118,188	81,805	
Restricted for:		1,843,044	1,176,508	963,542	963,542	847,979	624,561	628,551	646,232	518,925	
Stabilization for State statute	8,189,624	7,956,626	7,837,484	10,349,628	10,349,628	7,956,752	6,905,033	7,649,826	6,775,510	6,524,159	
		9,942,748	9,195,023	11,427,136	11,427,136	8,918,767	7,611,845	8,362,180	7,539,930	7,124,889	
Committed:		Unreserved:									
General services	53,524	Designated:									
Assigned:		Subsequent year's expenditures									
Subsequent year expenditures	1,131,417	401,673	1,988,442	2,000,000	-	-	-	1,714,451	2,099,108	2,666,008	
		21,097,621	18,977,470	23,803,324	21,384,544	15,452,551	13,548,885	10,879,392	12,329,134	11,641,260	
Unassigned	27,782,007	21,499,294	20,965,912	25,803,324	21,384,544	15,452,551	13,548,885	12,593,843	14,428,242	14,307,268	
		21,499,294	20,965,912	25,803,324	21,384,544	15,452,551	13,548,885	12,593,843	14,428,242	14,307,268	
Total General Fund	37,284,887	31,442,042	30,160,935	37,230,460	32,811,680	24,371,318	21,160,730	20,956,023	21,968,172	21,432,157	
All Other Governmental Funds		All Other Governmental Funds									
Non-spendable:		Reserved for:									
Restricted for:		Encumbrances									
Stabilization for State Statute	537,931	2,910,389	3,061,726	11,896,153	1,888,242	7,635,847	2,733,971	1,652,432	1,090,126	402,278	
Restricted, all other	19,523,469	596,618	866,041	688,649	1,596,372	495,693	1,366,199	825,530	903,919	1,220,742	
Education	9,420,468	3,507,007	3,927,767	12,584,802	3,484,614	8,131,540	4,100,170	2,477,962	1,994,045	1,623,020	
Governing and management	8,852,909	Unreserved:									
Public safety	885,111	Designated:									
Community and environment	364,981	Subsequent year's expenditures									
Committed	4,827,118	reported in:									
Human services	563,941	10,825,474	30,024,830	6,170,186	44,841,610	-	-	-	-	-	
Education	2,227,377	6,605,689	2,409,840	521,416	22,200,997	-	-	-	-	-	
Governing and management	2,035,800	375,417	71,289	112,741	400,258	-	-	-	-	-	
Assigned:	3,838,177	-	-	-	-	33,120,947	17,882,591	5,468,041	19,710,687	16,162,771	
Community and environment	1,900,645	-	-	-	-	2,300,707	2,794,179	3,718,401	7,059,332	7,971,884	
General services	196,618	-	-	-	-	3,936,389	2,277,472	2,583,290	1,880,657	2,903,358	
Education	1,740,914	4,799,533	5,996,514	6,704,065	5,391,683	3,936,389	2,277,472	2,583,290	1,880,657	2,903,358	
Unassigned	-	22,606,113	38,502,473	13,508,408	72,834,548	39,358,043	22,954,242	11,769,732	28,650,676	27,038,013	
Total All Other Government Funds	28,726,695	26,113,120	42,430,240	26,093,210	76,319,162	47,489,583	27,054,412	14,247,694	30,644,721	28,661,033	
Total Government Funds	\$ 66,011,582	\$ 57,555,162	\$ 72,591,175	\$ 63,323,670	\$ 109,130,842	\$ 71,860,901	\$ 48,215,142	\$ 35,203,717	\$ 52,612,893	\$ 50,093,190	

*Information is not available to break out unreserved fund balance designated for subsequent year's expenditures or undesignated between funds prior to 2007.

ORANGE COUNTY, NORTH CAROLINA

Table 4

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For Year Ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Property taxes	\$ 139,112,298	\$ 137,768,671	\$ 131,799,145	\$ 122,740,765	\$ 114,817,041	\$ 103,650,756	\$ 91,786,364	\$ 85,404,401	\$ 80,884,567	\$ 76,643,685
Sales tax	15,115,418	15,441,100	18,814,450	23,318,982	22,636,962	21,176,362	19,786,266	18,589,763	15,985,224	14,753,323
Intergovernmental revenues	29,118,062	27,776,901	29,155,945	25,095,853	27,371,417	22,346,834	22,438,641	19,364,076	19,075,713	19,436,552
Charges for services	10,312,004	10,386,667	9,639,871	9,930,526	10,560,926	9,754,878	8,232,327	6,697,791	6,632,968	5,719,317
Investment earnings	102,386	125,672	793,690	3,490,123	3,523,274	3,683,113	1,101,586	396,143	626,991	1,642,448
Licenses and permits	403,014	328,216	363,594	354,569	332,545	268,571	256,850	1,360,384	1,181,198	1,222,652
Impact fees	1,459,901	1,214,819	1,238,494	1,504,522	2,020,400	1,864,897	2,372,280	2,689,064	2,595,342	2,919,018
Miscellaneous	1,733,217	2,519,964	1,839,989	913,489	994,820	1,253,232	1,314,884	2,048,802	2,335,503	1,548,606
Total revenues	197,356,300	195,562,010	193,645,178	187,348,829	182,257,385	163,998,643	147,289,198	136,550,424	129,317,506	123,885,601
Expenditures										
Current:										
Governing and management	11,547,032	13,454,030	9,451,313	8,809,336	7,765,185	7,060,610	6,315,396	5,081,203	4,600,241	4,468,943
General services	6,716,171	9,450,070	12,911,229	10,807,804	10,597,332	9,976,728	9,703,326	9,341,406	9,447,392	8,217,366
Community and environment	11,853,619	12,314,548	10,232,393	9,904,764	9,533,076	8,964,634	9,040,677	8,769,698	7,999,562	7,862,114
Human services	33,090,063	34,048,520	35,910,264	35,132,231	33,848,886	32,512,567	31,463,036	30,416,726	28,098,416	27,041,595
Education	63,912,513	63,048,729	64,722,715	60,385,461	56,993,744	52,271,554	48,752,268	46,461,682	44,150,357	43,008,464
Public safety	22,643,182	20,810,410	20,926,310	20,285,768	19,786,208	17,549,051	16,202,310	15,699,015	14,367,523	13,483,924
Cultural and recreational	1,810,933	1,790,199	3,322,213	3,114,616	3,156,900	2,444,132	2,329,396	1,918,031	1,538,918	1,419,207
Capital outlay	18,376,147	33,204,669	38,607,718	58,704,637	38,967,226	36,887,563	19,615,281	20,903,526	24,427,047	35,175,797
Debt Service:										
Principal	18,715,710	17,180,037	17,038,179	15,258,741	14,588,007	13,236,904	11,066,814	10,276,402	9,767,002	8,795,743
Interest	9,909,939	8,634,932	9,170,485	9,462,709	8,114,118	6,758,565	6,889,640	6,780,803	6,315,632	6,575,108
Issuance costs	-	-	-	-	-	334,964	22,393	2,000	126,583	230,351
Total expenditures	198,575,309	213,936,144	222,292,819	231,866,067	203,350,682	187,997,272	161,400,537	155,650,492	150,838,673	156,278,612
Excess of revenues										
Over (Under) expenditures	(1,219,009)	(18,374,134)	(28,647,641)	(44,517,238)	(21,093,297)	(23,998,629)	(14,111,339)	(19,100,068)	(21,521,167)	(32,393,011)
Other financing sources (uses)										
Bonds issuance	-	1,762,954	-	-	-	29,185,000	25,140,000	-	19,175,000	15,344,129
Refunding issuance	-	22,455,000	-	-	-	29,365,000	-	-	22,815,000	-
Refunding issue costs	-	-	-	-	-	(1,590,000)	-	-	2,037,715	-
Payments to escrow agent - refunding	-	(24,021,358)	-	-	-	(27,775,000)	-	-	(24,726,132)	-
Installment loans issuance	11,899,439	4,136,434	38,700,000	-	59,057,000	17,685,000	1,820,506	378,300	4,614,276	2,255,628
Capital leases issuance	-	-	562,617	-	-	1,215,255	-	-	-	-
Transfers in	7,630,887	14,606,087	14,070,320	10,688,569	11,791,989	12,111,856	8,782,469	11,764,671	8,376,157	7,790,462
Transfers out	(9,854,897)	(15,600,987)	(14,641,700)	(12,754,594)	(12,598,789)	(12,552,723)	(8,622,211)	(11,718,101)	(8,261,148)	(7,171,242)
Total other financing sources (uses)	9,675,429	3,338,130	38,691,237	(2,066,025)	58,250,200	47,644,388	27,120,764	424,870	24,030,868	18,218,977
Net change in fund balances	\$ 8,456,420	\$ (15,036,004)	\$ 10,043,596	\$ (46,583,263)	\$ 37,156,903	\$ 23,645,759	\$ 13,009,425	\$ (18,675,198)	\$ 2,509,701	\$ (14,174,034)
Debt service as a percentage of non-capital expenditures	15.88%	14.28%	13.38%	15.05%	13.63%	13.23%	12.68%	12.66%	12.72%	12.69%

ORANGE COUNTY, NORTH CAROLINA

Table 5

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Property	Personal Property	Public-Service Companies	Less Tax-Exempt Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Market Value	Assessed Value as a Percent of Actual Value
2002	\$ 7,848,287,505	\$ 1,062,765,496	\$ 215,042,038	\$ 19,624,146	\$ 9,106,470,893	0.830	\$ 9,425,037,149	96.62%
2003	8,163,921,473	1,100,233,638	215,976,206	34,248,473	9,445,882,844	0.845	10,476,799,960	90.16%
2004	8,482,244,767	1,092,264,074	212,895,468	32,222,193	9,755,182,116	0.880	11,040,124,876	88.36%
2005	8,794,192,326	1,115,514,805	208,965,580	34,545,769	10,084,126,942	0.843	12,037,873,871	83.77%
2006	10,321,040,868	1,322,278,025	211,531,245	40,113,991	11,814,736,147	0.843	12,445,034,661	94.94%
2007	10,936,261,416	1,214,967,577	218,479,438	39,393,242	12,330,315,189	0.903	13,740,043,669	89.74%
2008	11,183,241,007	1,219,216,812	218,549,070	39,786,610	12,581,220,279	0.950	14,977,643,189	84.00%
2009	11,423,377,444	1,214,725,067	226,279,680	44,144,633	12,820,237,558	0.998	15,577,445,392	82.30%
2010	14,131,248,011	1,234,045,107	233,399,929	59,956,991	15,538,736,056	0.858	18,091,437,950	85.89%
2011	14,349,991,992	1,173,260,442	228,934,751	62,197,005	15,689,990,180	0.858	18,269,667,186	85.88%

Source: Annual County Report of Valuation and Property Tax Levies

ORANGE COUNTY, NORTH CAROLINA

Table 6

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

	For Year Ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Orange County	\$ 0.0858	\$ 0.0858	\$ 0.9980	\$ 0.9500	\$ 0.9030	\$ 0.8430	\$ 0.8800	\$ 0.8450	\$ 0.8300	\$ 0.8050
Municipality rates:										
Chapel Hill	0.4940	0.4940	0.5810	0.5220	0.5220	0.5220	0.5750	0.5530	0.5530	0.5040
Carrboro	0.5894	0.5894	0.6863	0.6537	0.6244	0.6244	0.7148	0.6852	0.6852	0.6568
Hillsborough	0.6200	0.6200	0.6700	0.6350	0.6200	0.5660	0.6200	0.6200	0.6200	0.6000
Mebane	0.4700	0.4700	0.4700	0.5000	0.5000	0.5000	0.5000	0.4700	0.4700	0.4700
Fire districts:										
Cedar Grove	0.07360	0.07360	0.07300	0.07300	0.07300	0.0730	0.0730	0.0730	0.0730	0.0730
Chapel Hill	0.07500	0.07500	0.04900	0.01900	0.01900	0.0190	0.0200	0.0200	0.0200	0.0200
Damascus	0.05000	0.06000	0.06000	0.05000	0.04000	0.0260	0.0300	0.0300	0.0260	0.0260
Efland	0.04660	0.04600	0.05225	0.04225	0.04225	0.0348	0.0465	0.0375	0.0285	0.0285
Eno	0.05990	0.05990	0.05700	0.05700	0.05700	0.0570	0.0640	0.0640	0.0440	0.0440
Little River	0.04060	0.04060	0.04600	0.04600	0.04600	0.0460	0.0520	0.0450	0.0450	0.0450
New Hope	0.06950	0.06950	0.06750	0.06750	0.06750	0.0625	0.0650	0.0650	0.0500	0.0500
Orange Grove	0.03580	0.05800	0.04200	0.03900	0.03900	0.0340	0.0390	0.0390	0.0390	0.0390
Orange Rural	0.06360	0.06360	0.06300	0.05600	0.05600	0.0560	0.0510	0.0510	0.0460	0.0460
South Orange	0.07850	0.07850	0.09500	0.04000	0.04000	0.0920	0.0920	0.0920	0.0785	0.0850
Southern Triangle	0.05000	0.05000	0.06000	0.05000	0.04000	0.0260	0.0300	0.0300	0.0260	0.0260
White Cross	0.06000	0.06000	0.06000	0.05000	0.04200	0.0420	0.0480	0.0480	0.0480	0.0480
Chapel Hill-Carrboro School District	0.18840	0.18840	0.23000	0.20350	0.18850	0.1834	0.2000	0.2000	0.1920	0.2020

Source: Orange County Tax Assessor Office

ORANGE COUNTY, NORTH CAROLINA

Table 7

Principal Property Tax Payers
Current Year and Ten Years Ago
(Unaudited)

Taxpayer	Type of Business	2011			2002		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Public utility	\$ 90,860,125	1		\$ 75,699,988	1	0.83%
VAC Limited Partnership	Apartment rental	60,038,017	2		55,051,074	4	0.60%
Piedmont Electric Membership	Public utility	47,131,666	3		35,512,560	6	0.39%
Chapel Hill Foundation Real	Propert owners trust	45,447,501	4				
East 54 Associates LLC	Real estate	37,873,736	5				
Blue Cross Blue Shield	Insurance provider	37,283,898	6		64,700,477	2	0.71%
Corium LLC	Insurance provider	35,399,117	7				
Madison University Mall LLC	Retail	34,182,311	8		22,924,053	8	0.25%
Bell South	Public utility	28,811,844	9		39,942,285	5	0.43%
Europea Center LLC	Hotel	27,814,759	10				
Elizabeth Kenan Trustee	Property owners trust				58,775,310	3	0.64%
Chapel Hill Residential Retirement Ctr	Retirement facility				34,801,011	7	0.38%
General Electric Company	Manufacturer				20,407,528	9	0.22%
Cooperline Associates	Apartment rental				18,716,387	10	0.20%
Total		<u>\$ 444,842,974</u>		<u>0.00%</u>	<u>\$ 426,530,673</u>		<u>4.65%</u>

Source: Orange County Tax Assessor.

ORANGE COUNTY, NORTH CAROLINA

Table 8

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Tax Year	Year Ended June 30	Current* Adjusted Tax Levy	Current Years' Levy Collections	Percentage Collected	Prior Years' Levy Collections	Total Collections During Year	Percent of Total Collections to Adjusted Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Adjusted Tax Levy
2001	2002	\$ 87,980,261	\$ 86,794,380	98.65%	\$ 996,708	\$ 87,791,088	99.78%	\$ 2,512,868	2.86%
2002	2003	92,190,830	90,917,919	98.62%	1,069,986	91,987,905	99.78%	2,629,499	2.85%
2003	2004	82,444,007	81,398,098	98.73%	973,082	82,371,180	99.91%	2,464,989	2.99%
2004	2005	88,749,583	87,687,321	98.80%	952,448	88,639,769	99.88%	2,455,230	2.77%
2005	2006	100,374,499	99,271,419	98.90%	954,076	100,255,495	99.88%	2,711,245	2.70%
2006	2007	111,171,556	110,014,826	98.96%	1,053,864	111,068,690	99.91%	2,774,093	2.50%
2007	2008	119,467,330	117,907,855	98.69%	984,746	118,892,601	99.52%	3,293,772	2.76%
2008	2009	127,813,510	126,215,432	98.75%	1,282,847	127,498,279	99.75%	3,660,536	2.86%
2009	2010	133,475,926	131,642,477	98.63%	1,540,429	133,182,906	99.78%	3,953,556	2.96%
2010	2011	135,126,347	133,163,625	98.55%	1,203,045	134,770,153	99.74%	3,550,073	2.63%

*Tax levy includes special districts

ORANGE COUNTY, NORTH CAROLINA

Table 9

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)	
	General		Revenue Bonds	Installment Loans	General		Revenue Bonds	Installment Loans				Capital Leases
	Obligation Bonds	Capital Leases			Obligation Bonds	Capital Leases						
2002	\$ 102,255,000	\$ -	\$ 31,403,649	\$ 10,768	\$ -	\$ -	\$ -	\$ -	\$ 133,669,417	\$ 1,085	3.52%	
2003	113,935,000	-	32,559,707	5,776	-	-	1,365,043	-	147,865,526	1,179	3.81%	
2004	107,585,000	-	28,610,895	70,366	-	-	1,094,886	613,794	137,974,941	1,083	3.54%	
2005	125,810,000	-	24,565,678	2,107,612	-	-	836,342	1,152,360	154,471,992	1,200	3.75%	
2006	148,175,000	-	37,878,032	2,765,956	-	-	6,570,860	1,233,830	196,623,678	1,527	2.37%	
2007	139,215,000	-	92,219,561	1,849,471	-	-	6,013,542	1,676,173	240,973,747	1,927	4.76%	
2008	130,290,000	-	86,838,352	903,355	-	-	5,419,895	1,147,582	224,599,184	1,763	3.82%	
2009	121,415,000	-	113,038,877	2,382,346	-	-	8,634,353	1,442,894	246,913,470	1,881	2.22%	
2010	112,520,000	-	109,163,100	2,049,520	-	-	8,147,895	1,004,725	232,885,240	1,759	2.56%	
2011	103,490,000	-	109,732,854	3,200,000	-	-	7,661,455	1,024,821	225,109,130	1,682	*	

*Information not yet available.

(1) See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar Year 2009 personal income not available to calculate fiscal year 2010.

ORANGE COUNTY, NORTH CAROLINA

Table 10

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income (1)	Percentage of Actual Taxable	
	General Obligation Bonds	Revenue Bonds	Total		Value of Property (2)	Per Capita (1)
2002	\$ 102,255,000	\$ -	\$ 102,255,000	2.69%	1.08%	\$ 830
2003	113,955,222	-	113,955,222	2.94%	1.09%	909
2004	107,585,000	-	107,585,000	2.76%	0.97%	844
2005	125,810,000	-	125,810,000	3.05%	1.05%	977
2006	148,175,000	-	148,175,000	3.15%	1.19%	1,151
2007	130,255,000	-	130,255,000	2.57%	1.13%	1,113
2008	130,290,000	-	130,290,000	2.39%	1.04%	1,023
2009	121,415,000	-	121,415,000	2.27%	0.95%	926
2010	112,520,000	-	112,520,000	1.88%	0.72%	850
2011	103,490,000	-	103,490,000	*	0.66%	778

*Information not yet available.

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

- (1) See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar Year 2009 personal income not available to calculate fiscal year 2009.
- (2) See Table 5 for property value data.

ORANGE COUNTY, NORTH CAROLINA

Table 11

Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in Thousands)

	For Year Ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Assessed value of property	\$ 15,689,990	\$ 15,538,736	\$ 12,820,238	\$ 12,581,220	\$ 12,330,315	\$ 11,597,244	\$ 10,084,127	\$ 9,735,182	\$ 9,445,863	\$ 9,106,471
Debt limit, 8% of assessed value (statutory limitation)	1,255,199	1,243,099	1,025,619	1,006,498	986,425	927,780	806,730	778,815	755,669	728,518
Amount of debt applicable to limit:										
Gross debt	225,109.00	232,885.00	224,599	224,599	240,974	196,624	154,472	137,975	147,866	133,669
Less:										
Amount available for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Debt outstanding for water and sewer purposes	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	225,109.00	232,885.00	224,599	224,599	240,974	196,624	154,472	137,975	147,866	133,669
Legal debt margin	\$ 1,030,090	\$ 1,010,214	\$ 801,020	\$ 781,899	\$ 745,451	\$ 731,156	\$ 652,258	\$ 640,840	\$ 607,803	\$ 594,849
Total net debt applicable to limit as a percentage of debt limit	17.93%	18.73%	21.90%	22.31%	24.47%	21.19%	19.15%	17.72%	19.57%	18.35%

Note: NC Statute 159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit; money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds yet to be issued; and revenue bonds. The debt limit and the County's net debt outstanding applicable to the limit and represents the County's legal borrowing authority.

ORANGE COUNTY, NORTH CAROLINA

Table 12

**Direct and Overlapping Governmental Activities Debt
(Unaudited)
As of June 30, 2011**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Municipalities:			
Town of Chapel Hill	\$ 60,060,000	100%	\$ 60,060,000.00
Town of Hillsborough	9,570,595	100%	9,570,595
Town of Carrboro	7,510,497	100%	7,510,497
City of Durham	361,854,035	3%	10,855,621
Town of Mebane	9,273,484	30%	2,782,045
Total direct debt			<u>225,109,130</u>
Total direct and overlapping debt			<u><u>\$ 315,887,888</u></u>

Source: Finance Officers of above listed municipalities.

ORANGE COUNTY, NORTH CAROLINA

Table 13

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Year	Population (1)	Personal Income (2) (Thousands of Dollars)	Per Capita Personal Income (2)	Median Age	Public Schools Enrollment (3)	Unemployment Rate (4)	Number of Building Inspections Performed (5)
2002	119,376	\$ 3,800,280	\$ 30,238	30.40	16,527	3.3%	2,106
2003	120,168	3,877,363	30,238	30.40	16,590	3.4%	1,945
2004	120,644	3,902,027	31,900	31.71	17,349	3.0%	2,047
2005	122,052	4,122,336	33,375	32.60	17,532	3.6%	2,153
2006	123,766	4,667,922	34,182	32.41	17,641	3.4%	2,402
2007	125,046	5,060,894	35,191	32.20	18,530	3.3%	1,745
2008	127,344	5,450,187	35,229	32.15	18,580	3.2%	1,965
2009	131,123	5,976,341	35,084	33.20	18,696	6.3%	1,573
2010	132,386	6,186,351	47,063	33.00	18,552	6.6%	1,215
2011	133,801	*	47,925	33.10	19,026	6.5%	1,962

*Information not yet available.

Notes:

- (1) N.C. State Data Center. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U.S. Department of Commerce. Figures are for the prior calendar year.
- (3) N.C. Department of Public Instruction, First Month Average Daily Membership.
- (4) N.C. Employment Security Commission, Annual Average for prior calendar year.
- (5) Total number of inspections performed by Orange County Inspections Department.
Includes inspections by municipalities.

ORANGE COUNTY, NORTH CAROLINA

Table 14

**Principal Employers
Current Year and Ten Years Ago
(Unaudited)**

Employer	2011			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
UNC-Chapel Hill	11,912	1	18.56%	15,588	1	24.49%
UNC Hospitals	7,695	2	12.05%	5,473	2	8.76%
Chapel Hill-Carrboro City Schools	1,772	3	2.75%	1,500	3	2.40%
Orange County Schools	1,224	4	1.91%	908	4	2.20%
Town of Chapel Hill	944	5	1.48%	665	8	1.06%
Orange County Government	817	6	1.28%	725	7	1.16%
Blue Cross/Blue Shield	788	7	1.23%	1,373	4	2.19%
Sports Endeavors, Inc.	723	8	1.13%	417	10	0.68%
Harris Teeter, Inc.	472	9	0.78%	460	9	0.73%
PHE	321	10	0.50%			
General Electric Corp.				758	6	1.17%

Source: Orange County Economic Development Commission, Employment Security Commission

ORANGE COUNTY, NORTH CAROLINA

Table 15

**Full-Time Equivalent County Government Employees by Function
Last Ten Fiscal Years
(Unaudited)**

Function/Program	For Year Ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Government and management	91.55	109.80	74.20	58.00	60.00	60.00	53.00	35.80	35.80	35.80
General services	60.15	84.80	123.40	101.00	113.60	114.20	114.20	112.60	110.40	110.40
Community and environment	90.90	87.60	55.55	55.00	53.00	48.50	48.50	49.00	44.00	44.00
Human services	304.50	325.40	318.60	287.00	299.10	294.30	301.40	287.50	286.44	285.44
Public safety	241.20	227.20	223.40	214.80	206.00	202.50	202.50	202.50	194.50	176.50
Cultural and recreational	29.83	24.03	49.25	31.60	32.60	31.10	31.10	30.10	30.10	29.10
Solid Waste Enterprise	53.10	51.40	44.40	55.00	40.00	43.00	43.00	43.00	38.00	34.00
Total	871.23	910.23	888.80	802.40	804.30	793.60	793.70	760.50	739.24	715.24

Source: County Finance Department

Note: This table represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full-time personnel work 2,080 hours per year (less vacation and sick leave). For purposes of this table the number of part-time employees has been divided by 2.5 to arrive at the full-time equivalents.

ORANGE COUNTY, NORTH CAROLINA

Table 16

**Operating Indicators by Function
Last Eight Fiscal Years
(Unaudited)**

Function/Program	For Year Ended June 30							
	2004	2005	2006	2007	2008	2009	2010	2011
Governing and Management:								
Number of animals sheltered	N/A	4,910	4,319	4,610	4,470	4,504	4,037	3,750
Number of rabies investigations	150	163	227	186	210	149	243	140
Employment applications received	4,522	4,032	2,815	4,500	2,015	3,650	78	3,000
General Services:								
Incoming Calls to Technology Help Desk	1,081	1,629	1,609	2,447	3,733	4,447	4,561	6,409
Real Estate documents processed	32,180	27,000	24,951	27,206	28,744	22,975	23,875	23,804
Vital records recorded and issued	15,849	16,367	16,649	12,150	15,223	18,081	18,454	18,321
Community and Environment:								
Building permits issued	985	864	953	914	891	824	667	658
Building, plumbing, mechanical, and electrical inspections completed	17,775	18,239	18,726	18,222	17,000	13,545	12,125	15,400
Human Services:								
Households receiving food stamps	23	2,763	2,987	2,978	3,230	3,430	3,785	5,403
Number of Medicaid cases	48	5,283	5,785	6,019	6,424	6,820	6,952	7,089
Number of families receiving daycare subsidy	377	319	317	280	330	600	655	560
Total number of dental patient visits	3,817	4,000	4,010	3,722	3,495	4,165	3,945	2,277
Family planning clients served	1,135	1,140	1,191	1,156	1,150	1,045	1,189	1,431
Public Safety:								
Requests for EMS service	8,865	9,050	9,486	10,988	11,463	10,945	10,988	11,655
Number of fire inspections	180	188	190	235	270	87	90	300
Average number of non-federal inmates per month	138	145	150	162	170	175	175	170
Culture and Recreation:								
Library materials circulated at Orange County Library	100,000	153,435	167,000	178,911	180,000	209,023	271,066	337,010
Number of reference volumes at Orange County Library	2,200	2,363	2,411	2,475	2,493	2,300	3,766	2,555
Education:								
Average daily membership	17,414	17,818	17,876	18,192	18,530	18,898	18,696	18,990
County current expense appropriation per pupil (\$)	2,566	2,623	2,796	2,957	2,957	3,200	3,096	3,096

Source: Orange County Finance Department and Orange County School System

**Capital Asset Statistics by Function
Last Four Fiscal Years
(Unaudited)**

Function/Program	For Year Ended June 30			
	2008	2009	2010	2011
Human Services:				
Public health occupied square footage	18,400	18,400	18,400	18,400
Social services occupid square footage	24,584	24,584	27,595	60,181
Cooperative extension occupied square footage	4,986	4,986	4,986	4,986
Number of centers	12	13	13	13
Public Safety:				
Number of law enforcement vehicles	118	111	125	129
Number of emergency services vehicles	42	38	38	33
Number of animal control vehicles	8	8	8	8
Detention capacity	129	129	129	129
Cultural and Recreational:				
Libraries - branches	4	4	5	3
Volume of library books	253,484	278,488	271,066	195,282
Education:				
Number of schools	29	29	29	29

Source: Orange County Finance Department and Orange County School System

Compliance Section

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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 Board of Commissioners
Orange County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 28, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Orange County ABC Board, as described in our report on Orange County's financial statements. The financial statements of the Orange County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orange County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

November 28, 2011

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Federal Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act

To the Board of Commissioners
Orange County, North Carolina

Compliance

We have audited Orange County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Orange County's major federal programs for the year ended June 30, 2011. Orange County's major federal programs are identified in the summary of auditors' 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 Orange County's management. Our responsibility is to express an opinion on Orange County'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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Orange County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Orange County's compliance with those requirements.

In our opinion, Orange County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and; therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-01 to be material weaknesses.

Orange County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Orange County's responses and accordingly, we express no opinion on the responses.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 28, 2011

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major State Program And On Internal Control Over Compliance In Accordance With Applicable Sections Of OMB Circular A-133 And The State Single Audit Implementation Act

To the Board of Commissioners
Orange County, North Carolina

Compliance

We have audited Orange County' compliance with the types of compliance requirements described in applicable sections of OMB Circular A-133 and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Orange County's major State programs for the year ended June 30, 2011. Orange County's major State programs are identified in the summary of auditors' 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 State programs is the responsibility of Orange County's management. Our responsibility is to express an opinion on Orange County'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; applicable sections of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Orange County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Orange County's compliance with those requirements.

In our opinion, Orange County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Orange County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered Orange County's internal control over compliance with the requirements that could have a direct and material effect on a major State 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 applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Orange County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 28, 2011

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified? _____ Yes X No

Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? X Yes _____ No
- Significant deficiencies identified? _____ Yes X No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X Yes _____ No

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Summary of Auditors' Results (continued):

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778
Temporary Assistance For Needy Families Cluster	93.558, 93.714
Childcare Development Fund Cluster	93.575, 93.596
Housing Voucher Cluster	14.871
 Dollar threshold used to distinguish between Type A and Type B Programs:	 \$2,639,053
 Auditee qualified as low-risk auditee?	 _____ Yes <u> X </u> No

State Awards

Internal control over major State programs:

• Material weaknesses identified?	_____ Yes <u> X </u> No
• Significant deficiencies identified?	_____ Yes <u> X </u> No
 Type of auditors' report issued on compliance for major State programs	 Unqualified
 Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	 _____ Yes <u> X </u> No

Identification of major State programs:

State/County Special Assistance for Adults
Medicaid Cluster
Subsidized Childcare Cluster
Governor's Crime Commission
Parks and Recreation Trust Fund

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

2. Findings Related to the Audit of the Basic Financial Statements

None

3. Findings and Questioned Costs Related to the Audit of Federal Awards

2011-01

Criteria: According to the compliance supplement for TANF, recipients are not eligible for Work First benefits once they reach the age of 18, unless the participant will graduate from high school before the age of 19. Once the child has turned 18, benefits should be terminated timely upon graduation, or age 19, if participant will not graduate before he or she turns 19.

Condition: Ineligible participant received Work First benefits.

Context: From a sample of 25 participants, one participant selected was ineligible due to age. Recipient was over the age of 18 and had graduated in June 2010.

Effect: Participant was over the age limit to receive Work First benefits.

Cause: Failure to follow up with graduation dates of children approaching the age of 18.

Questioned Costs: Participant graduated in June 2010 and improperly received benefits from July 2010 through March of 2011. Monthly benefits of \$181 were improperly received, totaling \$1,629.

Recommendation: Case workers should follow up on the status of recipients as they approach the age of 18.

Name of Contact: Nancy Coston

Management Response: The Work First supervisor has retrained employees on this policy. Although the child was in school, the child did not meet the requirements to receive cash assistance. The supervisor will also assure ongoing training for Work First employees. These funds will be repaid to the State through an adjustment on the 1571.

4. Findings and Questioned Costs Related to the Audit of State Awards

None

ORANGE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

None Reported

ORANGE COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

<u>Federal Grantor/Program Title</u>	<u>CFDA Number/ Grant</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Awards:				
<u>U. S. Department of Agriculture:</u>				
<u>Direct Program:</u>				
Soil And Water Conservation	10.902	\$ 57,245	\$ -	\$ 110,087
Farm and Ranch Protection Program	10.913	-	-	-
Passed-Through N. C. Department of Health and Human Services:				
<u>Division of Public Health:</u>				
Special Supplemental Nutrition Program for Women, Infants, & Children (WIC)	10.557	1,086,824	-	-
<u>Division of Social Services:</u>				
<u>Supplemental Nutrition Assistance Program Cluster:</u>				
SNAP Administration	10.561	761,344	-	667,771
SNAP Fraud Admin	10.561	46,608	-	46,608
SNAP Service Recovery	10.561	-	-	-
SNAP E&T & Depend Care	10.561	-	-	-
Total Supplemental Nutrition Assistance Program Cluster		807,952	-	714,379
Total U. S. Department of Agriculture		1,952,021	-	824,466
<u>U. S. Department of Housing and Urban Development:</u>				
<u>Direct Programs:</u>				
<u>Lower Income Housing Assistance:</u>				
Home Investment Partnership Program	14.239	1,020,231	-	-
Cooperative Fair Housing Assistance Program	14.401	75,542	-	-
Home Visiting Grant	14.415	57,718	-	-
<u>Indian CDBG Program Cluster:</u>				
Single Family Housing Rehabilitation Grant - Indian CDBG Program	14.862	120,751	-	-
Total Indian CDBG Program Cluster		120,751	-	-
<u>Housing Voucher Cluster:</u>				
Section 8 Housing Choice Vouchers	14.871	4,172,387	-	-
Total Housing Voucher Cluster		4,172,387	-	-
Passed-Through N.C. Department of Commerce:				
<u>Division of Community Assistance:</u>				
Scattered Site Housing Grant	10.417	128,140	-	-
<u>CDBG - Entitlement Grants Cluster:</u>				
Community Development Block Grant - Scattered Site Housing	14.218	-	-	-
Total CDBG - Entitlement Grants Cluster		-	-	-
Total U. S. Department of Housing and Urban Development		5,574,769	-	-
<u>U. S. Department of Justice - Office of Justice Programs:</u>				
Passed-Through N.C. Department of Justice:				
COPS Technology	16.58	1,000	-	-
<u>Justice Assistance Grant Cluster:</u>				
Justice Assistance Grant	16.738	22,249	-	-
Total Justice Assistance Grant Cluster		22,249	-	-
Passed-Through the City of Durham:				
COPS Fast	16.71	360,000	-	-
COPS Interoperable Communications Technology Program	16.71	-	-	-
School Resources	16.71	-	-	-
Total U. S. Department of Justice		382,249	-	-
<u>U. S. Department of Transportation:</u>				
Passed-Through N.C. Department of Transportation:				
Rural Capital Program Rural Capital Program	20.505-1	429,457	-	-
Rural Capital Program Rural Capital Program	20.6	-	-	-
Rural Capital Program Rural Capital Program	20.505-4	3,200	800	-
Rural Capital Program Rural Capital Program	20.509	242,029	66,146	-
Total U. S. Department of Transportation		674,686	66,946	-

ORANGE COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

<u>Federal Grantor/Program Title</u>	<u>CFDA Number/ Grant</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>U.S. Environmental Protection Agency</u>				
National Pollutant Discharge Elimination System	66.463	-	-	-
<u>U. S. Department of Health and Human Services:</u>				
Passed-Through N. C. Department of Health and Human Services				
<u>Administration for Children and Families:</u>				
<u>Division of Aging and Adult Services:</u>				
National Family Caregiver Support	93.052	56,421	-	-
<u>Aging Cluster:</u>				
Grants for Supportive Services and Senior Centers	93.044	121,785	-	781,758
<u>Total Aging Cluster</u>		<u>121,785</u>	<u>-</u>	<u>781,758</u>
<u>Subsidized Child Care Cluster:</u>				
<u>Child Care Development Fund Cluster:</u>				
<u>Division of Social Services:</u>				
Child Care Development Fund-Administration	93.596	193,761	-	-
<u>Division of Child Development:</u>				
Child Care and Development Fund - Discretionary	93.575	1,464,912	-	-
Child Care and Development Fund - Mandatory	93.596	676,013	-	-
Child Care and Development Fund - Match	93.596	313,890	169,959	-
<u>Total Child Care Development Fund Cluster</u>		<u>2,648,576</u>	<u>169,959</u>	<u>-</u>
Social Services Block Grant	93.667	37,033	-	-
Temporary Assistance for Needy Families	93.558	513,222	-	-
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families	93.714	302,275	-	-
Smart Start	XXXX	-	16,964	-
State Appropriations		-	594,818	-
TANF-MOE		-	138,634	-
<u>Total Subsidized Child Care Cluster</u>		<u>3,501,106</u>	<u>920,375</u>	<u>-</u>
<u>Centers for Medicare and Medicaid Services</u>				
Passed through N.C. Department of Health and Human Services				
<u>Division of Medical Assistance:</u>				
<u>Medicaid Cluster:</u>				
Medical Assistance Assistance Program	93.778	68,876	26,573	-
Adult Care Home Case Management	93.778	46,086	21,030	25,056
Medicaid Expansion	93.778	10,112	10,112	-
Medical Assistance - Administration	93.778	978,423	-	978,423
Medical Transportation Services	93.778	48,061	15,590	-
Medical Assistance Program - Direct Benefit Payments	93.778	66,298,573	27,275,788	2,341
<u>Total Medicaid Cluster</u>		<u>67,450,131</u>	<u>27,349,093</u>	<u>1,005,820</u>
<u>Centers for Disease Control and Prevention</u>				
Passed through N.C. Department of Health and Human Services				
<u>Division of Public Health:</u>				
Public Health emergency Preparedness	93.069	17,058	-	-
Project Grants and Cooperative Agreements for				
Tuberculosis Control Programs	93.116	-	-	-
Prevention Investigations and Technical Assistance	93.283	136,794	35	-
Communicable Disease Expansion Budget	93.94	31,000	-	-
State-wide Health Promotion Program	93.991	15,261	-	-
<u>Total Centers for Disease Control and Prevention</u>		<u>200,113</u>	<u>35</u>	<u>-</u>
<u>Immunization Cluster:</u>				
Immunization Program/Aid to County Funding	93.268	26,983	-	-
ARRA- Immunizations	93.712	-	-	-
<u>Total Immunization Cluster</u>		<u>26,983</u>	<u>-</u>	<u>-</u>
<u>Administration On Children and Families</u>				
Passed-Through N.C. Department of Health and Human Services				
<u>Division of Social Services:</u>				
Temporary Assistance for Needy Families	93.558	67,650	-	-
CCDG - Discretionary	93.575	200	-	-
<u>Total Administration On Children and Families</u>		<u>67,850</u>	<u>-</u>	<u>-</u>

ORANGE COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

Federal Grantor/Program Title	CFDA Number/ Grant	Federal Expenditures	State Expenditures	Local Expenditures
<u>Health Resources and Service Administration</u>				
Passed-Through N.C. Department of Health and Human Services				
<u>Division of Public Health:</u>				
Maternal and Child Health Services Block Grant	93.994	115,512	86,644	-
<u>Office of Population Affairs</u>				
Passed-Through N.C. Department of Health and Human Services				
<u>Office of Population Affairs:</u>				
Family Planning	93.217	72,703	-	-
<u>Division of Social Services:</u>				
<u>Administration:</u>				
Social Services Block Grant	93.667	215,985	35,084	83,690
Social Services Block Grant - In Home Services	93.667	121,203	-	17,315
Social Services Block Grant - In Home Services over 60	93.667	24,583	-	-
Social Services Block Grant - Adult Daycare	93.667	2,228	-	318
Social Services Block Grant - Adult Daycare over 60	93.667	-	1,910	273
Family Preservation	93.556	9,600	-	-
Crisis Intervention Payments	93.568	431,831	-	-
Low Income Energy Administration	93.568	64,159	-	-
Permanency Planning - Spec	93.645	35,533	-	13,083
Family Violence Prevention	93.671	3,585	-	-
Independent Living - LINKS	93.674	25,279	-	-
Links	93.674	24,258	6,064	-
IV-D Administration	93.563	1,503,851	-	774,711
IV-D CSE Incentive Recovery	93.563	12,463	-	6,420
IV-D Offset Fees - Esc	93.563	262	12	122
IV-D Offset Fees - Federal	93.563	2,474	-	1,274
NC Health Choice	93.767	23,930	2,993	4,826
Adoption/Foster Care	93.569	408,617	-	17,379
Permanency Planning	93.645	-	-	2,713
<u>Direct Benefit Payments:</u>				
Refugee Assistance Payment	93.566	5,146	-	-
Energy Assistance Payment	93.568	456,926	-	374
AFDC Payments and Penalties	93.56	(100)	(27)	(27)
Total Division of Social Services		3,371,813	46,036	922,471
<u>Temporary Assistance for Needy Families Cluster:</u>				
<u>Administration:</u>				
TANF-Domestic Violence	93.558	20,533	-	-
TANF- Work First Admin	93.558	149,988	-	137,357
TANF- Work First Service	93.558	987,066	-	1,029,371
TANF- ARRA	93.714	336,494	-	-
TANF - Work First Functional Assessment	93.558	-	-	-
TANF - Work First Benefits	93.558	-	-	-
TANF- Special Children Adoption	93.558	-	-	-
<u>Direct Benefit Payments:</u>				
TANF- Payments and Penalties	93.558	594,429	-	571
Total Temporary Assistance for Needy Families Cluster		2,088,510	-	1,167,299
<u>Foster Care and Adoption Cluster:</u>				
<u>Administration:</u>				
IV-E CPS	93.658	254,067	137,903	116,164
IV-E Foster Care/OErTm	93.658	6,833	-	2,278
IV-E Foster Care/ Off Trn	93.658	410,447	-	410,447
IV-E Optional Adoption	93.659	33,122	-	33,122
IV-E Adoption Training 50%	93.659	936	-	312
<u>Direct Benefit Payments:</u>				
IV-E Adopt Subsidy & Vendor	93.659	685,240	152,333	152,333
IV-E Admin County Paid to CCI	93.658	29,945	14,972	14,972
IV-E Family Foster Max	93.658	1,633	-	821
IV-E Foster Care	93.658	215,436	47,658	47,653
IV-E Foster Care in Excess	93.658	31,550	7,013	7,013
IV-E Medicaid Maximization	93.658	492,648	-	-
IV-E Max Level III	93.658	2,568	-	1,032
Total Foster Care and Adoption Cluster		2,164,425	359,879	786,147
Total U.S. Department of Health and Human Services		79,237,352	28,762,062	4,663,495

ORANGE COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

<u>Federal Grantor/Program Title</u>	<u>CFDA Number/ Grant</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>Corporation for National and Community Service:</u>				
Direct Programs:				
Aging Action Retired Senior Volunteer Program	94.002	70,183	-	13,700
<u>U. S. Department of Homeland Security:</u>				
Passed-Through N.C. Department of Crime Control and Public Safety				
Emergency Management Performance Grant	97.042	77,181	-	-
<u>Election Assistance Commission</u>				
Passed-Through N.C. State Board of Elections				
Help America Vote Act Grant	90.401	-	-	-
Total U.S. Department of Homeland Security		<u>77,181</u>	<u>-</u>	<u>-</u>
Total Federal awards		<u>87,968,441</u>	<u>28,829,008</u>	<u>5,501,661</u>
State Awards:				
<u>N. C. Department of Health and Human Services:</u>				
<u>Division of Social Services:</u>				
<u>Administration:</u>				
AFDC Incent/Prog Integrity		-	14	-
CPS Expansion - State		-	30,968	-
TANF Incent/Prog Integrity		-	284	-
<u>Direct Benefit Payments:</u>				
CWS Adopt Subsidy and Vendor		-	262,977	74,148
F/C at risk maximization		-	783	419
Foster Care Special Provision		-	24,715	-
State/County Special Assistance Domiciliary Care Pmt		-	811,392	811,392
SFHS Maximization		-	55,622	55,622
State Foster Home		-	87,082	87,082
CPS-Early Childhood Initiative		-	-	-
Homelessness State Grant		-	-	-
Care Payment		-	-	72,031
State Aid to Counties		-	99,112	-
Economic Services Grant		-	98,523	-
Total Division of Social Services		<u>-</u>	<u>1,471,472</u>	<u>1,100,694</u>
<u>Office of Juvenile Justice:</u>				
Community Based Alternatives	536920	-	291,258	-
<u>Division of Child Health:</u>				
Smart Start		-	70,620	-
<u>Division of Public Health:</u>				
General		-	130,879	915,238
Communicable Disease		-	3,708	25,930
Tuberculosis		-	14,771	103,294
Women's Preventative Health		-	3,396	23,748
Risk Reduction/Health Promotion		-	6,217	43,476
Preparedness and Response		-	38,836	271,580
Renal Disease		-	1,376	9,622
Public Health Lab		-	101	706
LHD Smokefree Law		-	3,214	22,476
State Initiative/Health and Wellness		-	12,995	90,874
Dental Health Services		-	12,995	90,874
Public Health Nurse Training		-	400	2,797
Adolescent Parenting		-	47,980	335,524
TB Medical Services		-	-	-
Minority Health		-	-	-
Healthy Carolinians		-	-	-
Total Division of Public Health		<u>-</u>	<u>276,868</u>	<u>1,936,140</u>
Total N.C. Department of Health and Human Services		<u>-</u>	<u>2,110,218</u>	<u>3,036,834</u>

ORANGE COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2011

Federal Grantor/Program Title	CFDA Number/ Grant	Federal Expenditures	State Expenditures	Local Expenditures
<u>N.C. Department of Transportation:</u>				
<u>Rural Operating Assistance Program</u>				
Elderly and Disabled Transportation Assistance Program		-	97,110	-
Work First Program		-	35,493	-
Rural General Public Program		-	91,012	-
Safe Roads Act		-	10,650	-
Human Service Transportation Management Program		-	-	-
Rural Public Transport		-	-	-
NC Matching Grant		-	-	-
Total N.C. Department of Transportation		-	234,265	-
<u>N.C. Department of Cultural Resources:</u>				
<u>State Arts Grant</u>				
		-	34,423	-
<u>Division of State Library:</u>				
Passed-Through Hyconeechee Regional Library:				
State Aid to Public Libraries		-	127,187	1,513,300
Total N.C. Department of Cultural Resources		-	161,610	1,513,300
<u>N.C. Department of Corrections</u>				
Criminal Justice Partnership		-	112,259	56,224
<u>N.C. Department of Crime Control and Public Safety:</u>				
<u>Bioterrorism State Funds</u>				
		-	61,195	-
Governor's Crime Commission		-	338,490	52,377
Total N.C. Department of Crime Control and Public Safety		-	399,685	52,377
<u>N.C. Department of Environment and Natural Resources</u>				
<u>Parks and Recreation Trust Fund</u>				
		-	405,891	-
<u>N.C. Department of Public Instruction:</u>				
<u>Public School Building Capital Fund</u>				
		-	-	-
<u>N.C. Department of Environment and Natural Resources</u>				
<u>NC Water Quality Grant</u>				
		-	-	-
<u>N.C. Department of Agriculture and Consumer Services</u>				
<u>Agricultural Development and Farmland Preservation Trust Fund Grant</u>				
		-	-	-
<u>N.C. Department of Insurance</u>				
<u>SHIIP Funds</u>				
		-	3,328	-
<u>N.C. Housing Finance Agency</u>				
<u>Single Family Housing Rehabilitation</u>				
		-	33,218	-
Total State Awards		-	3,460,474	4,658,735
Total Federal and State Awards		\$ 87,968,441	\$ 32,289,482	\$ 10,160,396

Notes to Schedule of Expenditures of Federal and State Awards:**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of Orange County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2. Clustered Programs

The following are clustered by the N.C. Department of Health and Human Services and are treated separately for State audit requirement purposes: Subsidized Child Care and Foster Care and Adoption

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