

**ORANGE COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015



Earl McKee

Chair, Board of County Commissioners

Bonnie Hammersley

County Manager

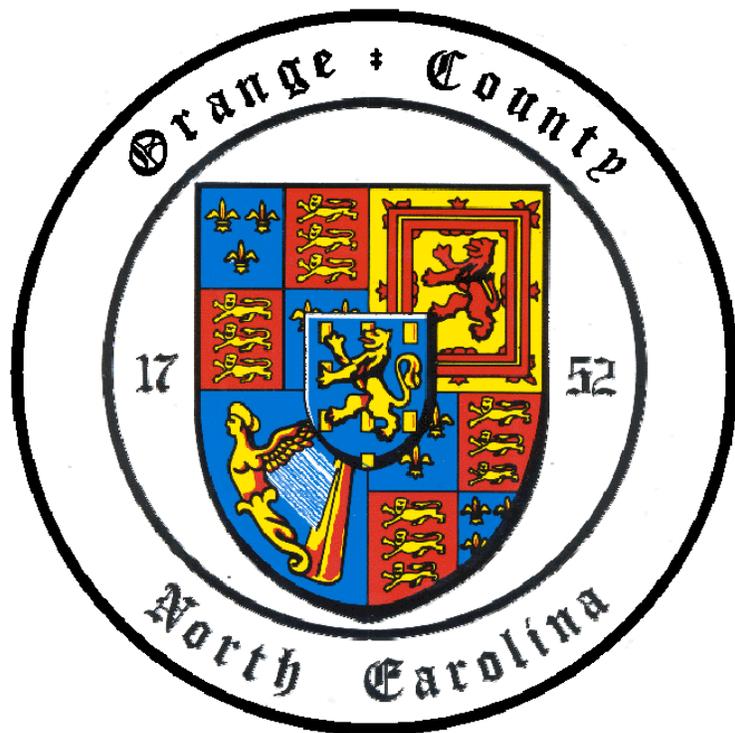
Gary Donaldson
Chief Financial Officer

Travis Myren
Deputy County Manager

Prepared by

The Orange County Finance & Administrative Services Department

Paul Laughton, Deputy Finance Director
Howard A. Fitts, CPA, Accountant
Pascal Moore II, Grants Accountant
Shari Porterfield, Financial Service Coordinator
Michele Brooks, Accounting Technician
Katina Perry, Accounting Technician
Katie Jones, Accounting Technician
and the Budget Office Staff



ORANGE COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

		<u>Page</u>
Introductory Section		
	Letter of Transmittal	i-iv
	Certificate of Achievement for Excellence in Financial Reporting	v
	Board of County Commissioners	vi
	Organizational Chart	vii
Financial Section		
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis	4-16
<u>Exhibit</u>		
Basic Financial Statements		
Government-Wide Financial Statements:		
A	Statement of Net Position	17
B	Statement of Activities	18-19
Fund Financial Statements:		
C	Balance Sheet - Governmental Funds	20-21
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	23
F	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- General Fund	24
G	Statement of Net Position - Proprietary Funds	25
H	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	26
I	Statement of Cash Flows - Proprietary Funds	27
J	Statement of Fiduciary Net Position - Fiduciary Funds	28
	Notes to the Financial Statements	29-78

ORANGE COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplemental Financial Data:	
A-1	Law Enforcement Officers' Special Separation Allowance	79
A-2	Healthcare Benefits Plan	80
A-3	Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset) Last Two Fiscal Years	81
A-4	Local Government Employees' Retirement System Contributions Last Two Fiscal Years	82
A-5	Registers of Deed's Supplemental Pension Fund Proportionate Share of Net Pension Liability (Asset) Last Two Fiscal Years	83
A-6	Registers of Deed's Supplemental Pension Fund Contributions Last Two Fiscal Years	84
	Combining and Individual Fund Statements and Schedules:	
B-1	General Fund Consolidated - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	85
B-2	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	86-89
B-3	Property Revaluation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	90
	Major Funds:	
B-4	County Capital Improvements Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	91-92
B-5	School Capital Improvements Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	93-94

ORANGE COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Nonmajor Governmental Funds:	
C-1	Combining Balance Sheet	95
C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	96
	Nonmajor Capital Projects Funds:	
C-3	Combining Balance Sheet	97
C-4	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	98
C-5	School Capital Reserve Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	99
C-6	County Capital Reserve Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	100
	Nonmajor Special Revenue Funds:	
D-1	Combining Balance Sheet	101-102
D-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	103-104
D-3	Impact Fee Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	105
D-4	Community Development Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	106
D-5	Section 8 Housing Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	107
D-6	Grant Supported Projects Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	108

ORANGE COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Nonmajor Special Revenue Funds (continued):	
D-7	Grants Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	109-110
D-8	Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	111
D-9	Visitors' Bureau Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	112
D-10	Local Fire Districts Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	113
D-11	Heusner Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	114
D-12	Library Development Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	115
D-13	Adoption Enhancement Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	116
D-14	Recreation Subdivision Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	117
D-15	Articles 46 Sales Tax - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	118
D-16	Spay Neuter Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	119
	Enterprise Funds:	
E-1	Solid Waste Landfill Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	120

ORANGE COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

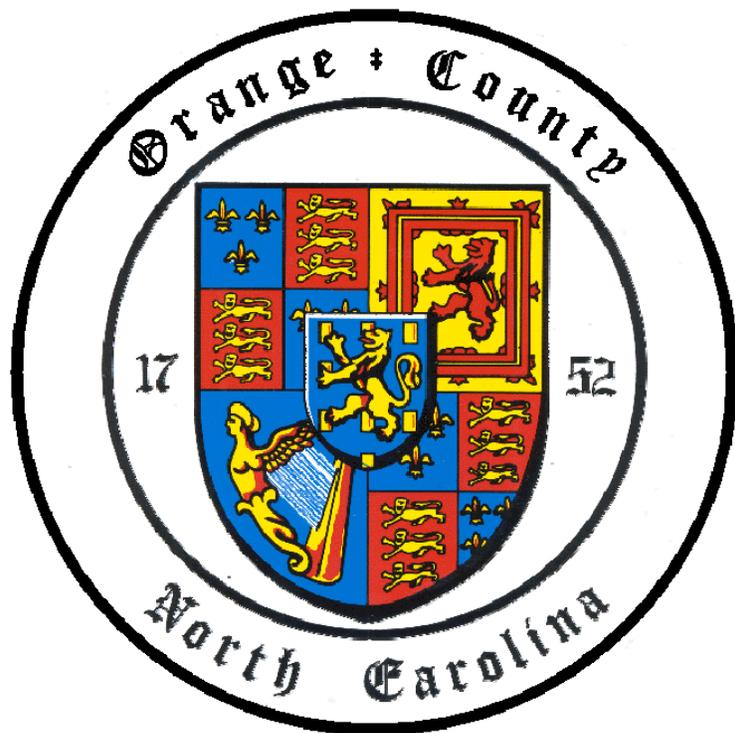
<u>Schedule</u>		<u>Page</u>
	Enterprise Funds (continued):	
E-2	SportsPlex Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	121
E-3	Efland Sewer Operating Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	122
	Internal Service Funds:	
F-1	Combining Statement of Net Position	123
F-2	Combining Statements of Revenues, Expenses, and Changes in Fund Net Position	124
F-3	Combining Statement of Cash Flows	125
F-4	Health and Dental Insurance Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	126
F-5	Vehicle Replacement Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	127
	Agency Funds:	
G-1	Combining Statement of Fiduciary Assets and Liabilities	128-129
G-2	Combining Statement of Changes in Assets and Liabilities	130-131
	Supplemental Financial Data:	
H-1	Schedule of Ad Valorem Taxes Receivable	132
H-2	Analysis of Current Tax Levy	133
<u>Table</u>	Statistical Section	
1	Net Position By Component	134
2	Changes in Net Position	135-136
3	Fund Balances of Governmental Funds	137

ORANGE COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

<u>Table</u>		<u>Page</u>
Statistical Section (continued)		
4	Changes in Fund Balances of Governmental Funds	138
5	Assessed Value and Actual Value of Taxable Property	139
6	Direct and Overlapping Property Tax Rates	140
7	Principal Property Taxpayers	141
8	Property Tax Levies and Collections	142
9	Ratio of Outstanding Debt By Type	143
10	Ratios of Net General Bonded Debt Outstanding	144
11	Legal Debt Margin Information	145
12	Direct and Overlapping Governmental Activities Debt	146
13	Demographic and Economic Statistics	147
14	Principal Employers	148
15	Full-Time Equivalent County Government Employees by Function	149
16	Operating Indicators By Function	150
17	Capital Asset Statistics By Function	151
Compliance Section		
	Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	152-153
	Report On Compliance For Each Major Federal Program: Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act	154-156
	Report On Compliance For Each Major State Program: Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act	157-158
	Schedule of Findings and Questioned Costs	159-163
	Summary Schedule of Prior Year's Audit Findings	164
	Schedule of Expenditures of Federal and State Awards	165-169

Introductory Section





ORANGE COUNTY

Department of Finance and Administrative Services

200 S. Cameron Street, PO Box 8181, Hillsborough, NC 27278 | Tel 919.245.2453 | Fax 919.644.3324

December 10, 2015

The Board of County Commissioners,
Bonnie Hammersley, County Manager
Residents 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, 2015.

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 unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2015, 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.

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. The County Manager has appointive and removal authority over department heads and 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. The County Commissioners must approve transfers that alter the total appropriation of any functional category or fund, including the multi-year project funds. 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 best read and understood when considered within the context and broader perspective of the economic environment within which the County operates.

The County's economy is characterized by a high degree of institutional and public-sector activity, office, commercial and service-oriented businesses. The County is the place of residence for many technical, professional and executive people who work in the Research Triangle Park (the "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. The Park, located 10 miles east of the County, contains nearly 7,000 acres of land which have been reserved for research and research-oriented manufacturing. The Park is located between three major universities, the University of North Carolina at Chapel Hill, Duke University in Durham and North Carolina State University in Raleigh, and is home to more than 200 companies, including IBM, GlaxoSmithKline, Fidelity Investments, U.S. Environmental Protection Agency, Lenovo, Syngenta, Credit Suisse, RTI International and Cisco. The companies and organizations in the Park employ more than 39,000 full-time equivalent employees. Due to 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.

According to the Orange County Economic Development Commission, the leading industries in the County are educational, health and social services (39%), professional, scientific, management, administrative and waste management services (14%) and arts, entertainment, recreation, accommodation and food services (11%). The County's most common occupations, according to the Orange County Economic Development Commission, are management, professional and related occupations (54%), sales and office occupations (19.5%) and service occupations (16.4%). Manufacturing and agriculture are smaller portions of the County's economy. The County unemployment rate for calendar year 2014 was 4.8% and it has consistently been low.

An industrial strip adjacent to 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 designated areas adjacent to 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 2015-16 budget included General Fund appropriation of \$206.7 million, which is an increase of \$6.3 million from prior years' original budget, and a \$3.6 million decrease from the prior year's final amended budget. Reflective of previous fiscal years, the County continued its commitment to public schools earmarking nearly one-half of the County's 2015-16 General Fund Budget of \$206.7 million for education. Funding appropriated for education totaled \$99.5 million in the fiscal year 2015-16 budget. The Board adopted and maintained a property tax rate of .878 cents per hundred assessed valuation for Fiscal Year 2015-16. The assessed value is estimated to be nearly \$16.8 billion with a tax rate of \$0.878 per \$100 of assessed valuation. The Board appropriated \$10.6 million from unassigned fund balance in the 2015-16 budget that will be used to assist in funding critical needed programs and address State budget cuts to education. The Board remains committed to stable fund balance levels to contend with stagnant revenues, which continue due to legislative actions at the Federal and State level.

The residents of Orange County approved Article 46 ¼ cents sales tax in November 2011. These sales tax revenues are earmarked for school capital projects in both school districts, Orange County Schools and Chapel Hill – Carrboro City Schools, and to foster economic development in the business development zones of the County. The sales tax revenue is projected to be \$2.8 million for fiscal year 2015-16.

For capital improvements, the County will issue debt financing to fund affordable housing land banking projects, construction of a field house complex at the Sportsplex, information technology initiatives, and construction of water and sewer infrastructure in two (2) of the County's Economic Development Districts, along with various County capital projects equipment purchases in the fiscal year.

Fiscal Policy. The County continues to operate within its current financial policies this fiscal year despite the challenges attributed to recovery from economic recession and recent legislative changes at the Federal and State level. The Board and County Manager acted during the year to hold down expenditures to reduce the impact of Federal and State legislative changes 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. The County's debt service as a percentage of the budget remains below the 15% of General Fund expenditures limit, which is the goal the County strives to maintain. The Board has set an unassigned fund balance target of 17% in of General Fund expenditures. The current General Fund unassigned fund balance is 18.5% of General Fund expenditures as of June 30, 2015.

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, 2015. This marks the sixteenth 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 2016 annual budget document. This is the 24th year that the award has been presented to the County. In order to qualify for this award, the County's budget document was judged proficient in several categories including policy documentation, financial planning and organization. The Budget Division believes the fiscal year 2016 budget continues to conform to program requirements and is submitting it to the GFOA to determine eligibility for another award.

Orange County departments and respective employees are deeply committed to the goals, vision and mission statement of the County government. This is evidenced by the high quality of service delivery to the residents of the County. I appreciate the collaborative nature of each County department in assisting in the preparation of this report and ongoing support in executing the daily financial activities of the Department of Finance and Administrative Services. I would like to extend my sincere gratitude to members of the Department of Finance and Administrative Services for their professionalism, hard work, and diligence in contributing to the preparation of this financial report. Special recognition is extended to Paul Laughton, Deputy Finance Director and Howard Fitts, Accountant, for their tireless effort and commitment that they have exhibited throughout the report preparation process and to Martin Starnes & Associates, Certified Public Accounts for their assistance.

I would like to thank the Board of County Commissioners and our County Manager Bonnie Hammersley for their vision and leadership in contributing to Orange County's strong financial position.

Respectfully submitted,



Gary Donaldson, CTP
Chief Financial Officer



Government Finance Officers Association

**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, 2014

Executive Director/CEO

Board of County Commissioners



Earl McKee, Chair



Bernadette Pelissier,
Vice Chair



Mia Burroughs



Mark Dorosin



Barry Jacobs



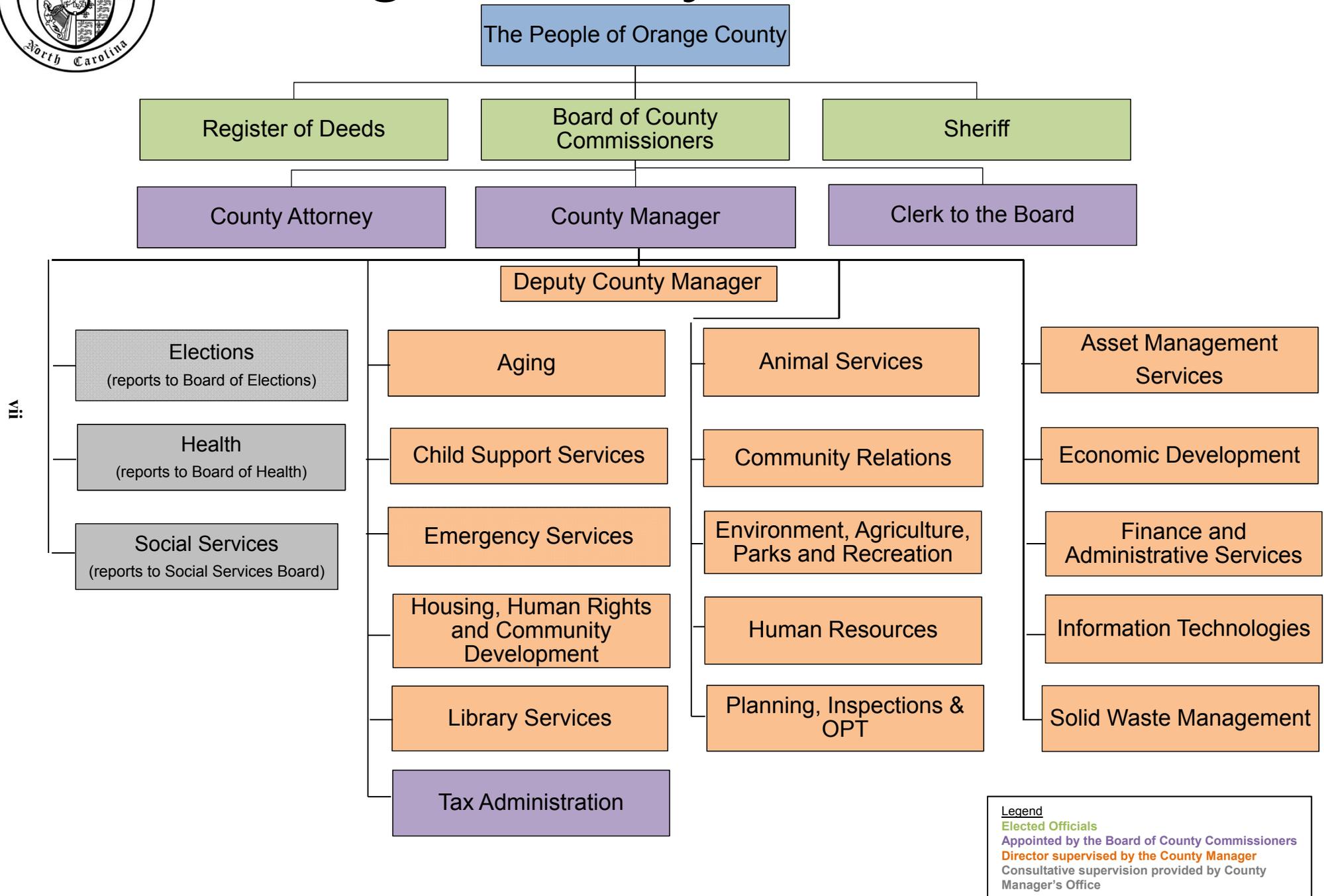
Renee Price

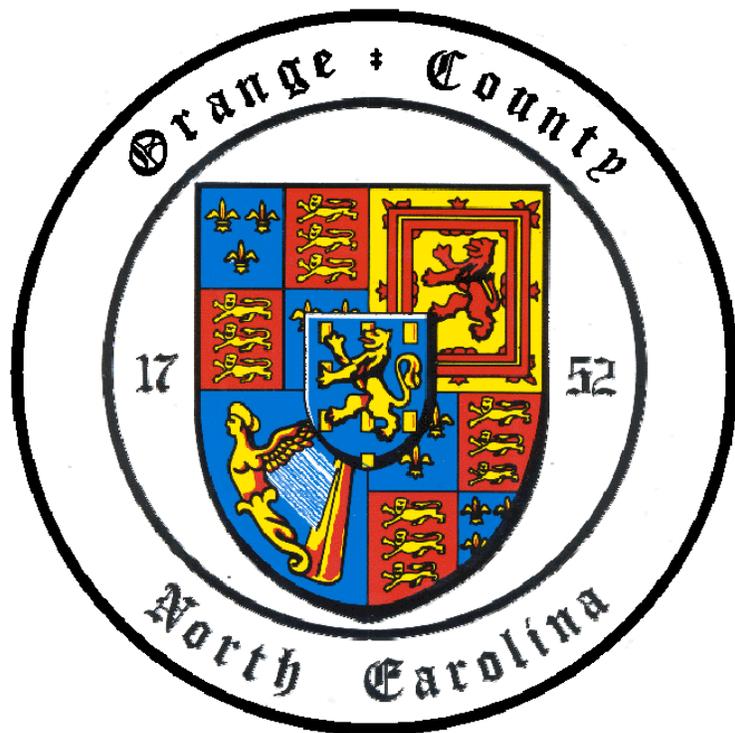


Penny Rich

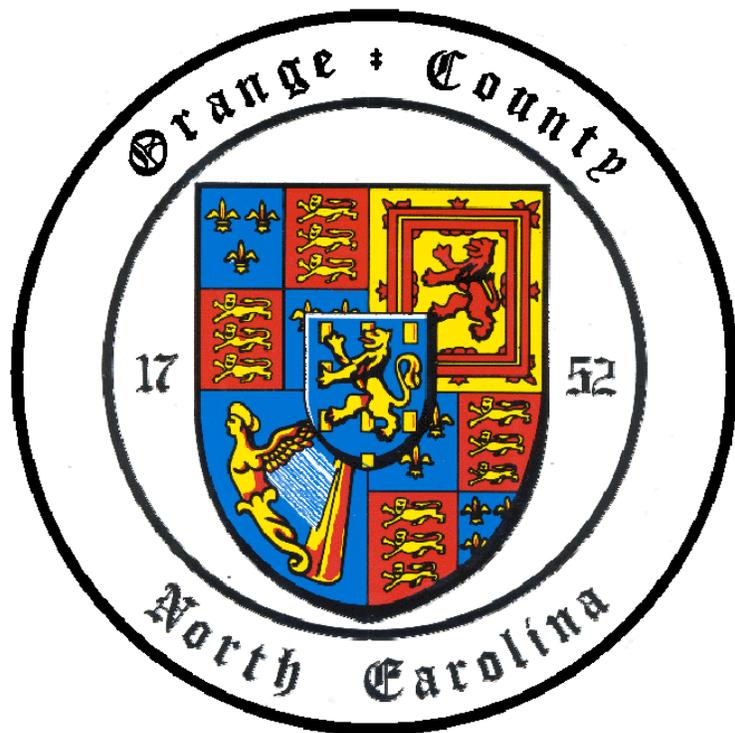


Orange County Government





Financial Section



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

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

Independent Auditor's Report

To the Board of Commissioners
Orange County, North Carolina

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise Orange County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free from material misstatement. The financial statements of the Orange County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Law Enforcement Officers' Special Separation Allowance and Other Post-Employment Benefits Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Orange County, North Carolina's basic financial statements. The introductory section, combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office and Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

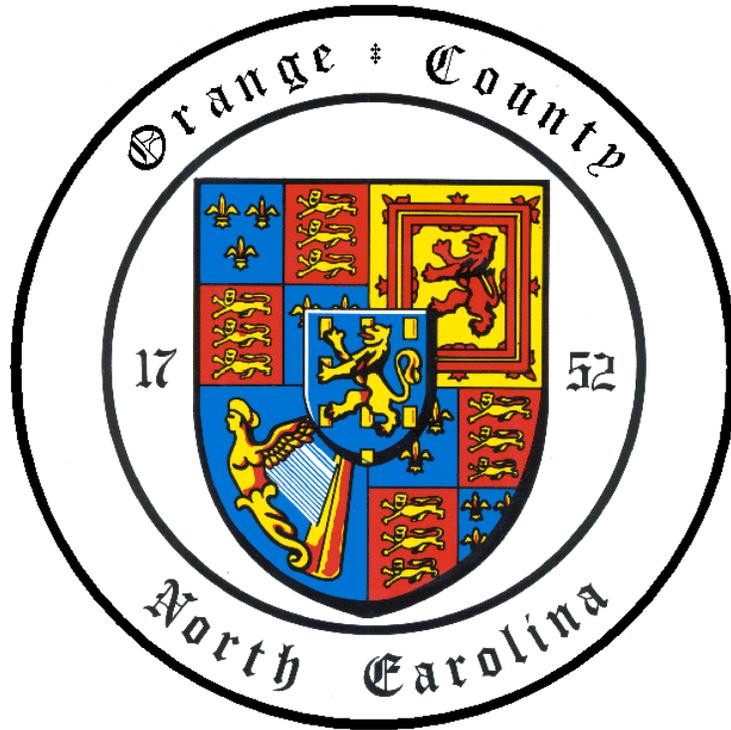
The introductory information and the statistical section have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015 on our consideration of Orange County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Orange County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
December 10, 2015



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, 2015. 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 and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$24.7 million (net position). In accordance with North Carolina law, liabilities of the County include approximately \$114.5 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 position.

The government's total net position increased by \$14.1 million. This increase results from a reduction of County expenses to continue to deal with the results of, and the slow recovery from, the economic recession, and financial mandates at the federal and state level.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$106.6 million, an increase of \$13.0 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 \$35 million in the current year. The General Fund ending fund balance includes \$10.7 million of assigned fund balance for subsequent year's expenditures. The General Fund total ending fund balance of \$65 million includes \$35.5 million of unassigned fund balance.

The unassigned General Fund ending fund balance of \$35.5 million represented 18.5% of total General Fund expenditures for the fiscal year.

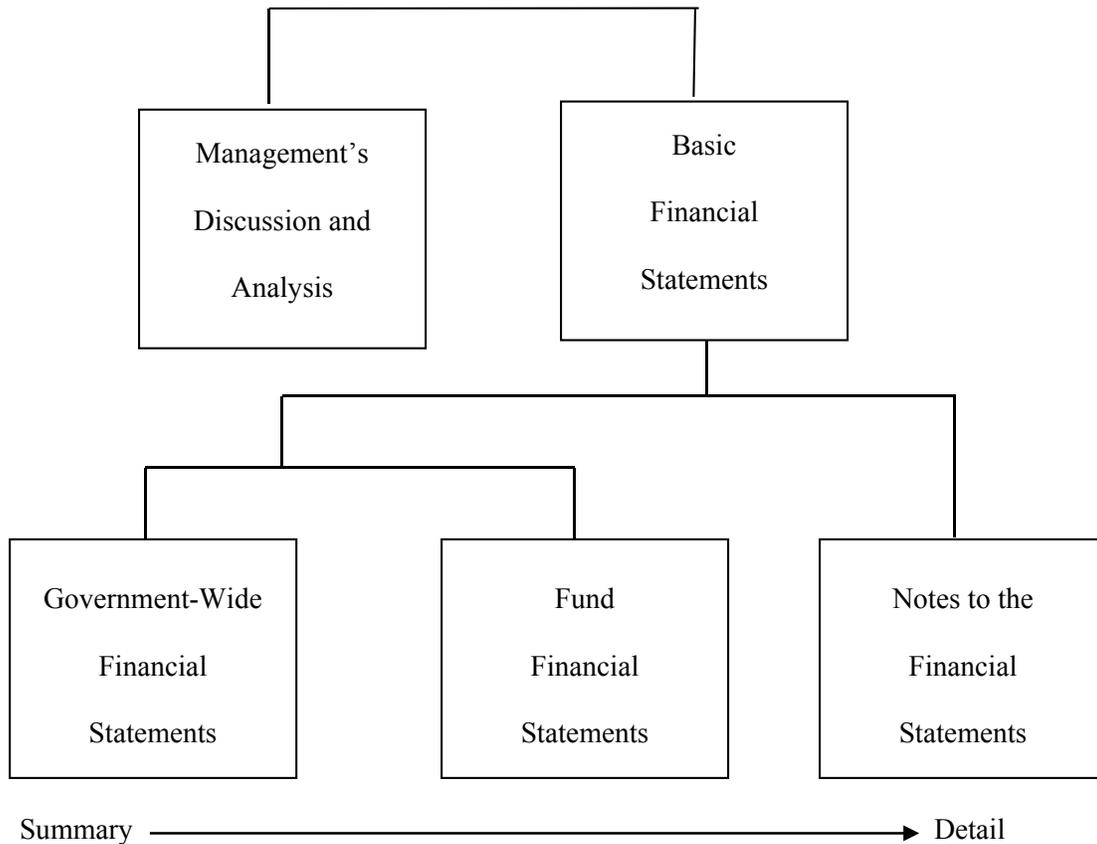
Orange County maintains the highest credit quality, with bond ratings of AAA (Fitch IBCA), Aaa (Moody's Investor Services) and AAA (Standard & Poor's) on its general obligation bonds.

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 to the basic financial statements (notes)**. The notes explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show additional details about the County's major and nonmajor governmental funds, proprietary 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 position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position 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 a related service. 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 17 through 19 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 statements give the reader a detailed short-term view that helps him or her determine if there are more or

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position 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 Position 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 internal service funds to account for three activities - its employee health and dental insurance program and its vehicle replacement program. Because these operations benefit predominantly governmental rather than business-type activities, the internal service funds have 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 twelve 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 29-78 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 79 of this report.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets and Deferred Outflows:						
Current and other assets	\$ 121,847,847	\$ 107,020,119	\$ 14,079,533	\$ 17,420,447	\$ 135,927,380	\$ 124,440,566
Capital assets	105,369,810	106,194,548	17,307,925	17,203,170	122,677,735	123,397,718
Deferred outflows	3,296,980	939,543	182,493	-	3,479,473	939,543
Total assets and deferred outflows	<u>230,514,637</u>	<u>214,154,210</u>	<u>31,387,458</u>	<u>34,623,617</u>	<u>262,084,588</u>	<u>248,777,827</u>
Liabilities and Deferred Inflows						
Long-term liabilities	223,418,852	221,577,461	19,240,735	22,553,173	242,659,587	244,130,634
Other liabilities	31,849,796	34,189,295	1,890,876	4,336,637	33,740,672	38,525,932
Deferred Inflows	9,848,634	370,984	599,322	-	10,447,956	370,984
Total liabilities and deferred inflows	<u>265,117,282</u>	<u>256,137,740</u>	<u>21,730,933</u>	<u>26,889,810</u>	<u>286,848,215</u>	<u>283,027,550</u>
Net Position:						
Net investment in capital assets	42,946,587	21,308,363	7,327,120	8,478,262	50,273,707	29,786,625
Restricted	17,339,596	19,905,244	-	-	17,339,596	19,905,244
Unrestricted	<u>(94,888,828)</u>	<u>(83,197,137)</u>	<u>2,539,292</u>	<u>(744,455)</u>	<u>(92,349,536)</u>	<u>(83,941,592)</u>
Total net position	<u>\$ (34,602,645)</u>	<u>\$ (41,983,530)</u>	<u>\$ 9,866,412</u>	<u>\$ 7,733,807</u>	<u>\$ (24,736,233)</u>	<u>\$ (34,249,723)</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources of the County exceeded assets and deferred outflows of resources by \$24.7 million as of June 30, 2015. Net position is reported in three categories: Net investment in capital assets of \$50.3 million, restricted net position of \$17.3 million, and unrestricted net deficit of \$92.3 million.

The net investment in capital assets category is defined as the County's net investment in County-owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and sewer lines). 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, 2015, the net investment in capital assets increased by \$22.3 million.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2015, the total net deficit reported of \$24.7 million is attributable to the unrestricted net deficit balance of (\$92.3) million, which results from the debt financing related to school assets.

Consistent with other counties in the State of North Carolina, the County's deficit in unrestricted net position 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

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

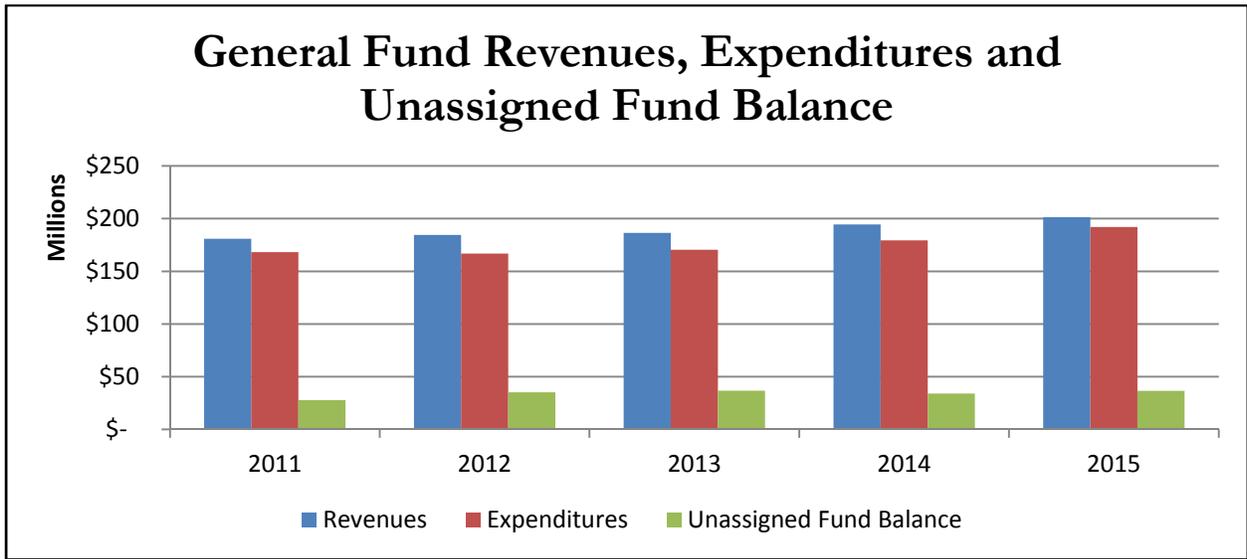
systems capital funding by using a combination of County funds, general obligation debt, and installment financing. It is important to note, that the assets funded by the County are owned and utilized by the school systems. The County is the issuing government for school system debt but acquires no capital assets; therefore the County has incurred a liability without a related increase in assets. At the end of the fiscal year, approximately \$101.1 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 secured and pledged by the full faith, credit, and taxing power of the County. The County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount 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 are due and payable. 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 position increased by \$14.1million. 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%.
- Sales taxes exceeded budget by \$2.7 million due to the slow but steady recovery from the "Great Recession."
- The County continued to lead the State in per pupil funding for education.
- The unassigned fund balance in the County's General Fund reflected an increase of \$2.6 million from the prior year. This increase is attributed to the County's fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year. The County management accomplished this increase in unassigned fund balance at year end following a fund balance appropriation of \$10.1 million to balance the FY2014-15 budget. The County's unassigned fund balance level provides a financial cushion to mitigate unforeseen changes in the economic and business climate and reductions in intergovernmental revenues.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)



Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 15,698,925	\$ 14,100,487	\$8,496,708	\$ 8,708,132	\$ 24,195,633	\$ 22,808,619
Operating grants and contributions	26,224,918	26,259,362	1,192,897	274,429	27,417,815	26,533,791
Capital grants and contributions	1,112,971	1,656,217	-	-	1,112,971	1,656,217
General revenues:						
Property taxes	149,605,562	148,940,579	-	-	149,605,562	148,940,579
Other taxes	26,378,822	22,924,419	-	-	26,378,822	22,924,419
Other	25,268	29,414	2,328	2,969	27,596	32,383
Total revenues	<u>219,046,466</u>	<u>213,910,478</u>	<u>9,691,933</u>	<u>8,985,530</u>	<u>228,738,399</u>	<u>222,896,008</u>
Expenses:						
General government	19,289,101	26,361,842	-	-	19,289,101	26,361,842
General Services	9,178,467	7,867,632	-	-	9,178,467	7,867,632
Community and Environment	13,773,024	11,572,352	-	-	13,773,024	11,572,352
Human Services	38,142,905	36,755,137	-	-	38,142,905	36,755,137
Education	84,862,221	81,712,724	-	-	84,862,221	81,712,724
Public Safety	27,613,011	25,479,585	-	-	27,613,011	25,479,585
Cultural and Recreation	2,486,556	2,354,533	-	-	2,486,556	2,354,533
Interest on long-term debt	4,782,894	5,567,955	-	-	4,782,894	5,567,955
Landfill	-	-	11,037,061	11,463,642	11,037,061	11,463,642
Sewer	-	-	243,993	284,773	243,993	284,773
Sportsplex	-	-	3,215,365	3,135,791	3,215,365	3,135,791
Total expenses	<u>200,128,179</u>	<u>197,671,760</u>	<u>14,496,419</u>	<u>14,884,206</u>	<u>214,624,598</u>	<u>212,555,966</u>
Increase (decrease) in net position						
before transfers	18,918,287	16,238,718	(4,804,486)	(5,898,676)	14,113,801	10,340,042
Transfers	<u>(2,376,743)</u>	<u>(2,730,996)</u>	<u>2,376,743</u>	<u>2,730,996</u>	-	-
Total transfers and contributions	<u>(2,376,743)</u>	<u>(2,730,996)</u>	<u>2,376,743</u>	<u>2,730,996</u>	-	-
Increase (decrease) in net position after transfer						
	16,541,544	13,507,722	(2,427,743)	(3,167,680)	14,113,801	10,340,042
Net Position:						
Beginning of year - July 1	(41,983,530)	(55,491,252)	7,733,807	10,901,487	(34,249,723)	(44,589,765)
Restatement	<u>(9,160,659)</u>	-	<u>4,560,348</u>	-	<u>(4,600,311)</u>	-
End of year - June 30	<u><u>\$(34,602,645)</u></u>	<u><u>\$(41,983,530)</u></u>	<u><u>\$9,866,412</u></u>	<u><u>\$ 7,733,807</u></u>	<u><u>\$(24,736,233)</u></u>	<u><u>\$(34,249,723)</u></u>

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

Governmental Activities. Governmental activities increased the County's net position by \$16.5 million. Key elements of this increase are as follows:

- Increased property tax revenue.
- Increased sales tax and other revenues
- Nominal increases in functional expenses
- Decreased expenses for interest on debt due to refunding and extinguishing debt.

Business-Type Activities. Business-type activities decreased the County's net position by only \$2.4 million. This decrease happened because of the prior period adjustments made for OPEB and the change in estimate for the County's landfill.

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 \$35.5 million, while total fund balance equaled \$65.0 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 out. Unassigned fund balance represents 18 percent of total General Fund expenditures and transfers out, while the total fund balance represents 32 percent of General Fund expenditures and transfers out. The increase in fund balance resulted from revenues exceeding expenditures and transfers by \$2.9 million.

General Fund revenue at \$201.4 million was higher than the final amended budget. Property tax revenue makes up 72% of General Fund budgeted revenue. The General Fund revenue was \$5.1 million more than budget. Property tax increased by \$8.0 million from last year, or 5.5% from last year, primarily due to increased collections of property taxes on registered motor vehicles and discoveries, which caused property tax revenues exceed the budget by \$0.53 million. 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 approximately \$3.2 from last year to \$21.7 million. This increase was due largely from receiving more sales tax revenues as the economy recovers from the economic recession. Charges for services, licenses and permits, and miscellaneous revenues were higher than budget.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

General Fund expenditures increased \$21.6 million from last year to \$192.1 million. Expenditures, without financing uses, were \$8.6 million, or 4%% under budget, which is the same as last year at 4% below budget. This is attributed to management's commitment to effectively manage the operating budget by directing departments to reduce non-essential expenditures and continued delay in filling of vacant positions. These measures contributed to the increase of unassigned fund balance in the General Fund. Increased spending for general services, community and environment, and human services resulted in the increase in expenditures by 5.5% from the previous fiscal year.

The County Capital Improvement Fund reflected an increase in fund balance of \$9.3 million; the School Capital Improvement Fund reflected a decrease in fund balance of \$1,251,100.0. The increase in the County Capital Project Fund is primarily the result of installment loan issuance in the current year. The school capital project fund decrease was primarily the result of expenditures relating to construction of the Culbreth Science Wing for Chapel Hill-Carrboro City Schools. Lottery proceeds of \$1.2 million were used to pay school related debt service in the General Fund during the fiscal year.

As of June 30, 2015, the nonmajor governmental funds of the County reported a combined fund balance of \$13.8 million, an increase of \$3 million from last year. This increase is attributable mainly to receipt of sales tax revenues from the Article 46 ¼ cents sales tax, new grant funds and other sources in the various nonmajor governmental funds, and an increase in Impact Fee revenues.

Proprietary Funds. The net position of the proprietary funds decreased by \$2.4 million due to a prior period adjustment of \$4.6 million attributed to a change in estimate of the landfill post-closure cost. The ending net position of the proprietary funds totals \$9.9 million.

General Fund Budgetary Highlights. The FY2014-15 original budget totaled \$200.4 million and included a \$7 million increase in the annual appropriation to the County school systems. The County support of schools represents 49.3% of General Fund revenues which increased per pupil spending by \$302 to \$3,571 per pupil. The County annual appropriation to education places the County at the top of the rankings for per pupil expenditures among the 100 North Carolina counties. The County budget also included a 2% wage increase for County employees and maintains the mandatory 6-month hold on filling vacancies excluding Emergency Management Services and Law Enforcement.

The County generally amends the budget during the fiscal year. County budget amendments are delineated in one of four categories: 1) amendments to revise estimates original budget ordinance and amounts based on new information; 2) carryover of funding for outstanding purchase orders at year-end related to significant commitments and projects; 3) amendments to recognize new funding amounts from external sources, such as Federal and State grants; and 4) amendments to increase appropriations to fund and maintain service delivery requirements.

FY2014-15 included, an additional appropriation from fund balance during the year of \$2.1 million provided additional funding to the Social Justice fund, a contribution to OPEB, and funding for costs associated with a second primary election. Total amendments to the General Fund increased appropriations by approximately \$9.9 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 position in the proprietary funds at the end of the fiscal year amounted to \$2,539,300. As previously indicated, the decrease in net position for the proprietary funds was \$2.4 million. The primary factors affecting the decrease in these funds were addressed in the discussion of the County's business-type activities.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

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, 2015 totals \$122,677,734 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	
	2015	2014	2015	2014	2015	2014
Land	\$ 13,077,443	\$ 13,077,443	\$ 2,294,473	\$ 2,294,473	\$ 15,371,916	\$ 15,371,916
Land improvements	4,949,636	4,949,636	594,794	612,804	5,544,430	5,562,440
Water resources						
- Lake Orange	481,624	481,624	-	-	481,624	481,624
Buildings	60,192,371	63,040,942	9,005,986	8,163,912	69,198,357	71,204,854
Leasehold improvements	2,473,447	2,644,030	-	-	2,473,447	2,644,030
Sewer lines	-	-	2,279,852	2,366,985	2,279,852	2,366,985
Automotive equipment	1,274,522	1,640,351	2,144,539	1,623,409	3,419,061	3,263,760
Office and other equipment	2,531,917	2,466,228	-	-	2,531,917	2,466,228
Construction in progress	<u>20,388,850</u>	<u>17,894,294</u>	<u>988,281</u>	<u>2,141,587</u>	<u>21,377,131</u>	<u>20,035,881</u>
Total	<u>\$105,369,810</u>	<u>\$106,194,548</u>	<u>\$ 17,307,925</u>	<u>\$ 17,203,170</u>	<u>\$ 122,677,735</u>	<u>\$123,397,718</u>

Major capital asset transactions during the year include:

- Purchased construction in progress on various County and school projects.
- Purchased of vehicles.
- Purchased various office equipment for day-to-day operations.
- Purchased landfill and recycling equipment.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

Additional information on the County's capital assets can be found in Note 5 of the Basic Financial Statements.

Long-Term Debt and Obligations. As of June 30, 2015, the County had total bonded debt outstanding of \$68.4 million, all of which is debt backed by the full faith and credit of the County. In addition, the County has several installment notes with a total outstanding balance of \$132.6 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	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 68,355,000	\$ 77,150,000	\$ -	\$ -	\$ 68,355,000	\$ 77,150,000
Installment notes payable	122,631,057	120,189,844	9,980,805	8,724,908	132,611,862	128,914,752
Revolving loan payable	2,679,597	1,663,703	-	-	2,679,597	1,663,703
Bond issuance items, net	14,118,757	15,318,561	-	-	14,118,757	15,318,561
Accrued compensated absences	5,074,379	5,275,242	320,493	317,701	5,394,872	5,592,943
Separation allowance	710,738	607,979	-	-	710,738	607,979
Post-closure liability			7,899,125	13,123,703	7,899,125	13,123,703
OPEB liability	33,191,619	23,880,402	2,121,953	1,527,620	35,313,572	25,408,022
Total	<u>\$ 246,761,147</u>	<u>\$244,085,731</u>	<u>\$20,322,376</u>	<u>\$23,693,932</u>	<u>\$267,083,523</u>	<u>\$267,779,663</u>

The County's total long-term debt and obligations decreased by \$696,140, or 0.2% during the past fiscal year. The decrease is mainly due to refunding of general obligation bonds and installment notes payable, a prior period adjustment to the OPEB liability and a decrease in the post-closure liability for the landfill of approximately \$5,224,578 due to a change in estimate.

The County's most recent bond ratings, received in connection with the general obligation refunding bonds issued in December 2014, are shown below:

Moody's Investor Services	Aaa
Standard & Poor's	AAA
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 \$1.1 billion. The County has \$199 million total net debt applicable to the limit. The County has \$0 in bonds authorized, but unissued, at June 30, 2015.

Additional information regarding the County's long-term debt can be found in Note 8 on pages 66-72 of this report.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

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 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 unemployment rate estimated by the North Carolina Employment Security Commission for calendar year 2014 was 5.7% one of the lowest in the State.

The County is the place of residence for many technical, professional and executive people who work in the Research Triangle Park (the "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. The Park, located 10 miles east of the County, contains nearly 7,000 acres of land which have been reserved for research and research-oriented manufacturing. The Park is located between three major universities, the University of North Carolina at Chapel Hill, Duke University in Durham and North Carolina State University in Raleigh, and is home to more than 200 companies, including IBM, GlaxoSmithKline, Fidelity Investments, U.S. Environmental Protection Agency, Lenovo, Syngenta, Credit Suisse, RTI International and Cisco. The companies and organizations in the Park employ more than 49,000 full-time equivalent employees. The Park has received over \$1 billion in investments the past 5 years. There are 5 IT/Life Science incubators located in the Park. Since the Park opened, there have been 3,256 Patents granted 1,970 and Trademarks received. There has also been 245 company Start-ups since the Park started. Due to 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 Ending June 30, 2016

Governmental Activities. The FY2015-16 budget totals \$206.7 million, which represents a \$6.3 million increase, or 3.2% increase from fiscal year 2015. The budget includes a 2% wage increase and a 1.5% salary savings target. The County support of schools represents 49.7% of General Fund revenues which increases per pupil spending by \$126 from 3,571 to \$3,697 per pupil. The County annual appropriation to education places the County at the top of the rankings for per pupil expenditures among the 100 North Carolina counties. The budget was balanced without a property tax rate increase.

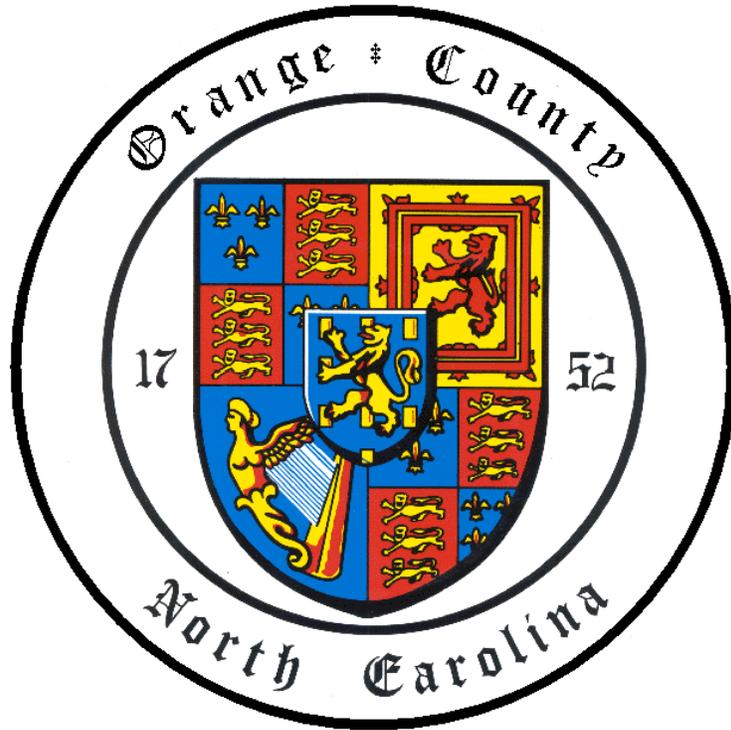
Additionally the residents of Orange County in November of 2011 approved the Article 46 ¼ cents sales tax that will be used for school capital projects in both school districts, Orange County Schools and Chapel Hill – Carrboro City Schools, and to foster economic development in the business development zones of the County. The sales tax revenue is projected to be \$2.8 million for FY 2015-16.

In reference to business-type activities, those budgets were decreased by \$2 million. The majority of the decrease was in the Solid Waste Enterprise Fund.

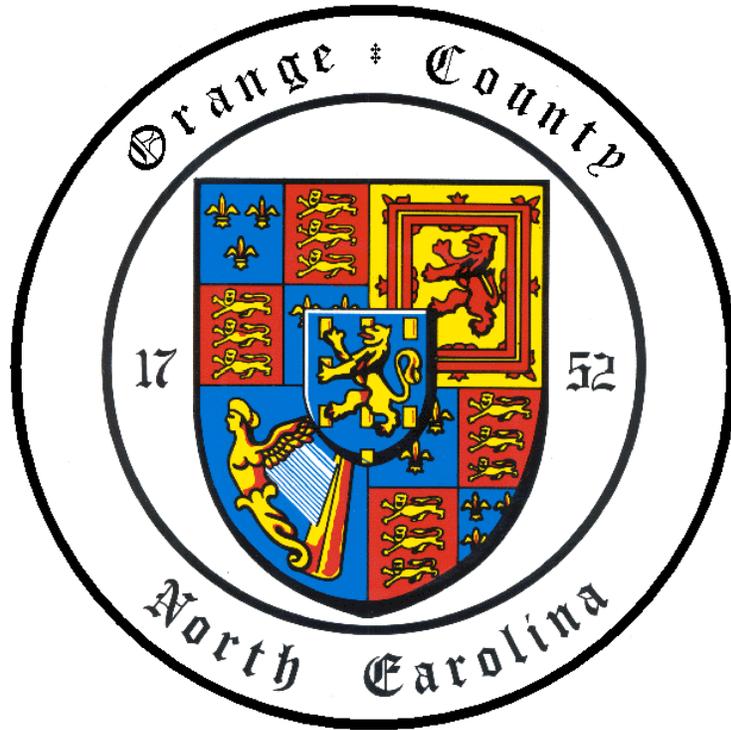
Requests for Information

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.



Basic Financial Statements



ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Unit	Reporting Unit
	Governmental Activities	Business-Type Activities	Total	Orange County ABC Board	Total
Assets:					
Cash and investments	\$ 73,816,444	\$ 13,264,732	\$ 87,081,176	\$ 2,608,445	\$ 89,689,621
Receivables, property taxes, net	2,564,794	-	2,564,794	-	2,564,794
Receivables, federal intergovernmental	124,985	-	124,985	-	124,985
Receivables, State intergovernmental	10,297,671	450,254	10,747,925	-	10,747,925
Receivables, other	2,159,216	255,517	2,414,733	1,528	2,416,261
Inventories	20,306	-	20,306	1,953,783	1,974,089
Internal balances	136,625	(136,625)	-	-	-
Prepaid expenses	-	-	-	125,678	125,678
Restricted assets:					
Cash and investments	28,639,768	-	28,639,768	-	28,639,768
Security deposits	-	-	-	13,441	13,441
Net pension asset	4,088,038	245,655	4,333,693	135,110	4,468,803
Capital assets:					
Non-depreciable	38,897,553	3,282,754	42,180,307	2,258,980	44,439,287
Depreciable, net	66,472,257	14,025,171	80,497,428	2,416,965	82,914,393
Total assets	<u>227,217,657</u>	<u>31,387,458</u>	<u>258,605,115</u>	<u>9,513,930</u>	<u>268,119,045</u>
Deferred Outflows of Resources:					
Contributions to pension plan for current year	2,867,803	182,493	3,050,296	89,013	3,139,309
Pension deferrals	429,177	27,394	456,571	-	456,571
Total deferred outflows of resources	<u>3,296,980</u>	<u>209,887</u>	<u>3,506,867</u>	<u>89,013</u>	<u>3,595,880</u>
Liabilities:					
Accounts payable	2,713,608	359,928	3,073,536	677,148	3,750,684
Payroll withholdings	2,309,619	237,078	2,546,697	-	2,546,697
Accrued liabilities	2,914,053	78,421	2,992,474	465,947	3,458,421
Arbitrage payable	39,376	-	39,376	-	39,376
Insurance claims incurred, but not reported	426,027	-	426,027	-	426,027
Prepaid fees	104,818	133,808	238,626	-	238,626
Long-term liabilities:					
Due within one year	23,342,295	1,081,641	24,423,936	71,502	24,495,438
Due in more than one year	223,418,852	19,240,735	242,659,587	1,148,373	243,807,960
Total liabilities	<u>255,268,648</u>	<u>21,131,611</u>	<u>276,400,259</u>	<u>2,362,970</u>	<u>278,763,229</u>
Deferred Inflows of Resources:					
Prepaid taxes	467,967	-	467,967	-	467,967
Pension deferrals	9,380,667	599,322	9,979,989	320,609	10,300,598
Total deferred inflows of resources	<u>9,848,634</u>	<u>599,322</u>	<u>10,447,956</u>	<u>320,609</u>	<u>10,768,565</u>
Net Position:					
Net investment in capital assets	42,946,587	7,327,120	50,273,707	3,527,572	53,801,279
Restricted for:					
Stabilization by State statute	12,845,946	-	12,845,946	-	12,845,946
Restricted, all other:					
Working capital	-	-	-	497,301	497,301
Public safety	1,661,525	-	1,661,525	-	1,661,525
Community and environment	2,832,125	-	2,832,125	-	2,832,125
Unrestricted	<u>(94,888,828)</u>	<u>2,539,292</u>	<u>(92,349,536)</u>	<u>2,894,491</u>	<u>(89,455,045)</u>
Total net position	<u>\$ (34,602,645)</u>	<u>\$ 9,866,412</u>	<u>\$ (24,736,233)</u>	<u>\$ 6,919,364</u>	<u>\$ (17,816,869)</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, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
Governing and management	\$ 19,289,101	\$ 690,379	\$ 887,320	\$ -
General services	9,178,467	4,361,422	1,566,919	1,112,971
Community and environment	13,773,024	850,028	4,499,946	-
Human services	38,142,905	3,141,936	17,444,937	-
Education	84,862,221	-	1,221,162	-
Public safety	27,613,011	6,032,517	604,634	-
Cultural and recreational	2,486,556	622,643	-	-
Interest on long-term debt	4,782,894	-	-	-
Total governmental activities	<u>200,128,179</u>	<u>15,698,925</u>	<u>26,224,918</u>	<u>1,112,971</u>
Business-Type Activities:				
Landfill	11,037,061	5,173,915	1,192,897	-
Sewer	243,993	188,236	-	-
SportsPlex	<u>3,215,365</u>	<u>3,134,557</u>	-	-
Total business-type activities	<u>14,496,419</u>	<u>8,496,708</u>	<u>1,192,897</u>	-
Total primary government	<u>\$ 214,624,598</u>	<u>\$ 24,195,633</u>	<u>\$ 27,417,815</u>	<u>\$ 1,112,971</u>
Component Unit:				
ABC Board	<u>\$ 17,138,355</u>	<u>\$ 17,975,413</u>	<u>\$ -</u>	<u>\$ -</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, 2015

	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Unit	Reporting Unit
	Governmental Activities	Business-Type Activities	Total	Orange County ABC Board	Total
Functions/Programs:					
Primary Government:					
Governmental Activities:					
Governing and management	\$ (17,711,402)	\$ -	\$ (17,711,402)	\$ -	\$ (17,711,402)
General services	(2,137,155)	-	(2,137,155)	-	(2,137,155)
Community and environment	(8,423,050)	-	(8,423,050)	-	(8,423,050)
Human services	(17,556,032)	-	(17,556,032)	-	(17,556,032)
Education	(83,641,059)	-	(83,641,059)	-	(83,641,059)
Public safety	(20,975,860)	-	(20,975,860)	-	(20,975,860)
Cultural and recreational	(1,863,913)	-	(1,863,913)	-	(1,863,913)
Interest on long-term debt	(4,782,894)	-	(4,782,894)	-	(4,782,894)
Total governmental activities	(157,091,365)	-	(157,091,365)	-	(157,091,365)
Business-Type Activities:					
Landfill	-	(4,670,249)	(4,670,249)	-	(4,670,249)
Sewer	-	(55,757)	(55,757)	-	(55,757)
SportsPlex	-	(80,808)	(80,808)	-	(80,808)
Total business-type activities	-	(4,806,814)	(4,806,814)	-	(4,806,814)
Total primary government	(157,091,365)	(4,806,814)	(161,898,179)	-	(161,898,179)
Component Unit:					
ABC Board	-	-	-	837,058	837,058
General Revenues:					
Property taxes	149,605,562	-	149,605,562	-	149,605,562
Sales tax	25,021,116	-	25,021,116	-	25,021,116
Occupancy tax	1,357,706	-	1,357,706	-	1,357,706
Unrestricted investment earnings	25,268	2,328	27,596	257,349	284,945
Total general revenues excluding transfers	176,009,652	2,328	176,011,980	257,349	176,269,329
Transfers	(2,376,743)	2,376,743	-	-	-
Total general revenues and transfers	173,632,909	2,379,071	176,011,980	257,349	176,269,329
Change in net position	16,541,544	(2,427,743)	14,113,801	1,094,407	15,208,208
Net Position:					
Beginning of year - July 1	(41,983,530)	7,733,807	(34,249,723)	5,999,808	(28,249,915)
Restatement	(9,160,659)	4,560,348	(4,600,311)	(174,851)	(4,775,162)
Beginning of the year, as restated	(51,144,189)	12,294,155	(38,850,034)	5,824,957	(33,025,077)
End of year - June 30	\$ (34,602,645)	\$ 9,866,412	\$ (24,736,233)	\$ 6,919,364	\$ (17,816,869)

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

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	Major Funds			Nonmajor	Total
	General	County	School	Other	
		Capital	Capital	Governmental	
	Improvements	Improvements	Funds	Governmental	
Assets:					
Cash and investments	\$ 60,812,461	\$ -	\$ -	\$ 11,618,262	\$ 72,430,723
Accounts receivable, property taxes, net	2,423,158	-	-	141,636	2,564,794
Accounts receivable, federal	124,985	-	-	-	124,985
Accounts receivable, State	9,160,602	-	-	1,022,541	10,183,143
Accounts receivable, other	512,258	-	-	1,567,584	2,079,842
Inventories	20,306	-	-	-	20,306
Due from other funds	136,625	-	-	-	136,625
Restricted cash and investments	-	22,149,442	5,909,637	-	28,059,079
Total assets	<u>\$ 73,190,395</u>	<u>\$ 22,149,442</u>	<u>\$ 5,909,637</u>	<u>\$ 14,350,023</u>	<u>\$ 115,599,497</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:					
Liabilities:					
Accounts payable	\$ 1,931,896	\$ 190,367	\$ 46,554	\$ 412,564	\$ 2,581,381
Accrued payroll and withholdings	2,309,619	-	-	-	2,309,619
Accrued liabilities	933,356	-	-	-	933,356
Prepaid fees	104,818	-	-	-	104,818
Arbitrage payable	-	14,637	24,739	-	39,376
Total liabilities	<u>5,279,689</u>	<u>205,004</u>	<u>71,293</u>	<u>412,564</u>	<u>5,968,550</u>
Deferred Inflows of Resources:					
Property taxes receivable	2,423,158	-	-	141,636	2,564,794
Prepaid taxes	467,967	-	-	-	467,967
Total deferred inflows of resources	<u>2,891,125</u>	<u>-</u>	<u>-</u>	<u>141,636</u>	<u>3,032,761</u>
Fund Balances:					
Non-spendable:					
Inventories	20,306	-	-	-	20,306
Long-term portion of note receivable	-	-	-	1,000,000	1,000,000
Restricted for:					
Stabilization for State statute	11,255,821	-	-	1,590,125	12,845,946
Restricted, all other	-	22,149,442	5,909,637	4,493,650	32,552,729
Committed	7,543,841	-	-	934,494	8,478,335
Assigned	10,650,770	-	-	5,777,554	16,428,324
Unassigned	35,548,843	(205,004)	(71,293)	-	35,272,546
Total fund balances	<u>65,019,581</u>	<u>21,944,438</u>	<u>5,838,344</u>	<u>13,795,823</u>	<u>106,598,186</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 73,190,395</u>	<u>\$ 22,149,442</u>	<u>\$ 5,909,637</u>	<u>\$ 14,350,023</u>	<u>\$ 115,599,497</u>

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

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Ending fund balance - governmental funds	\$ 106,598,186
Net pension asset	4,088,038
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	105,369,810
Deferred inflows of resources for taxes and special assessments are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	2,564,794
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.	(1,980,763)
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 Position.	1,602,124
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	2,867,803
Pension related deferrals	(8,951,490)
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>(246,761,147)</u>
Net position of governmental activities	<u>\$ (34,602,645)</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, 2015

	Major Funds			Nonmajor	Total
	General	County	School	Other	
		Capital	Capital	Governmental	
	Improvements	Improvements	Funds	Funds	
Revenues:					
Property taxes	\$ 145,833,869	\$ -	\$ -	\$ 5,104,250	\$ 150,938,119
Occupancy tax	-	-	-	1,357,706	1,357,706
Sales tax	21,685,840	-	334,739	3,000,537	25,021,116
Intergovernmental revenues	20,594,979	1,112,971	-	5,629,939	27,337,889
Charges for services	11,944,185	-	-	676,723	12,620,908
Investment earnings	15,051	6,871	739	2,494	25,155
Licenses and permits	331,510	-	-	-	331,510
Impact fees	-	-	-	2,763,756	2,763,756
Miscellaneous	996,284	253,150	-	308,826	1,558,260
Total revenues	<u>201,401,718</u>	<u>1,372,992</u>	<u>335,478</u>	<u>18,844,231</u>	<u>221,954,419</u>
Expenditures:					
Current:					
Governing and management	13,050,437	-	-	-	13,050,437
General services	7,589,861	-	-	1,234,089	8,823,950
Community and environment	6,591,893	-	-	7,020,299	13,612,192
Human services	37,008,858	-	-	575,307	37,584,165
Education	76,847,414	-	-	1,700,979	78,548,393
Public safety	20,945,780	-	-	5,688,793	26,634,573
Culture and recreation	2,647,079	-	-	-	2,647,079
Capital outlay	-	6,716,812	6,313,828	-	13,030,640
Debt service:					
Principal	19,344,248	-	-	-	19,344,248
Interest and fees	8,052,975	316,867	-	-	8,369,842
Total expenditures	<u>192,078,545</u>	<u>7,033,679</u>	<u>6,313,828</u>	<u>16,219,467</u>	<u>221,645,519</u>
Revenues over (under) expenditures	<u>9,323,173</u>	<u>(5,660,687)</u>	<u>(5,978,350)</u>	<u>2,624,764</u>	<u>308,900</u>
Other Financing Sources (Uses):					
Bond premium	-	1,904,232	-	-	1,904,232
Bond refunding proceeds	15,140,000	-	-	-	15,140,000
Installment loan issuances	500,000	15,540,546	-	-	16,040,546
Payment to escrow agent	(15,035,000)	(2,937,035)	-	-	(17,972,035)
Transfers in	1,057,160	460,240	4,727,236	511,920	6,756,556
Transfers out	(8,080,699)	-	-	(1,052,600)	(9,133,299)
Total other financing sources (uses)	<u>(6,418,539)</u>	<u>14,967,983</u>	<u>4,727,236</u>	<u>(540,680)</u>	<u>12,736,000</u>
Net change in fund balances	<u>2,904,634</u>	<u>9,307,296</u>	<u>(1,251,114)</u>	<u>2,084,084</u>	<u>13,044,900</u>
Fund Balances:					
Beginning of year - July 1	62,114,947	12,637,142	7,089,458	10,711,739	92,553,286
Restatement	-	-	-	1,000,000	1,000,000
Beginning of year - July 1, as restated	<u>62,114,947</u>	<u>12,637,142</u>	<u>7,089,458</u>	<u>11,711,739</u>	<u>93,553,286</u>
End of year - June 30	<u>\$ 65,019,581</u>	<u>\$ 21,944,438</u>	<u>\$ 5,838,344</u>	<u>\$ 13,795,823</u>	<u>\$ 106,598,186</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, 2015

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) \$ 13,044,900

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:

Capital outlay	3,556,988
Depreciation expense	(4,233,599)
Other capital adjustments	(50,000)

Change in deferred inflows of resources (1,332,557)

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. (939,543)

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. 352,904

The issuance of long-term debt provides for current financial resources of governmental funds. This amount is the proceeds on debt issuances recorded in the governmental funds. (31,895,396)

Payment to escrow agent 17,972,035

Amortization expense and premium 1,199,804

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. 19,344,248

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. (3,654,943)

Pension expense (344,023)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 2,867,803

The internal service funds are used by management to charge the costs of dental insurance and vehicle replacement costs. 652,923

Change in net position of governmental activities \$ 16,541,544

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 145,300,050	\$ 145,300,050	\$ 145,833,869	\$ 533,819
Sales tax	19,001,962	19,001,962	21,685,840	2,683,878
Intergovernmental revenues	14,122,086	20,216,086	20,594,979	378,893
Charges for services	9,717,305	10,534,300	11,944,185	1,409,885
Investment earnings	105,000	105,000	15,051	(89,949)
Licenses and permits	313,000	313,000	331,510	18,510
Miscellaneous	744,764	846,401	985,124	138,723
Total revenues	<u>189,304,167</u>	<u>196,316,799</u>	<u>201,390,558</u>	<u>5,073,759</u>
Expenditures:				
Governing and management	17,364,694	15,204,526	13,050,437	(2,154,089)
General services	7,781,436	8,223,167	7,589,861	(633,306)
Community and environment	6,606,070	7,146,511	6,591,893	(554,618)
Human services	33,302,344	40,783,653	37,008,858	(3,774,795)
Education	76,847,414	76,847,414	76,847,414	-
Public safety	22,387,107	23,286,112	20,945,780	(2,340,332)
Cultural and recreational	2,570,927	2,685,033	2,647,079	(37,954)
Debt service:				
Principal	19,217,295	19,217,295	19,344,248	126,953
Interest and fees	7,312,011	7,312,011	8,052,975	740,964
Total expenditures	<u>193,389,298</u>	<u>200,705,722</u>	<u>192,078,545</u>	<u>(8,627,177)</u>
Revenues over (under) expenditures	<u>(4,085,131)</u>	<u>(4,388,923)</u>	<u>9,312,013</u>	<u>13,700,936</u>
Other Financing Sources (Uses):				
Bond refunding proceeds	-	-	15,140,000	15,140,000
Payment to escrow agent	-	-	(15,035,000)	(15,035,000)
Installment loan issuance	-	-	500,000	500,000
Transfers in	1,052,600	1,057,160	1,057,160	-
Transfers out	(7,035,812)	(8,080,699)	(8,080,699)	-
Appropriated fund balance	10,068,343	11,412,462	-	(11,412,462)
Total other financing sources (uses)	<u>4,085,131</u>	<u>4,388,923</u>	<u>(6,418,539)</u>	<u>(10,807,462)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,893,474</u>	<u>\$ 2,893,474</u>
Fund Balance:				
Beginning of year - July 1			<u>62,126,107</u>	
End of year - June 30			<u>\$ 65,019,581</u>	

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

ORANGE COUNTY, NORTH CAROLINA

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Major		Nonmajor	Total	Total
	Solid Waste Landfill Fund	SportsPlex Fund	Efland Sewer Operating Fund	Enterprise Funds	Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$ 11,629,609	\$ 1,470,133	\$ 164,990	\$ 13,264,732	\$ 1,385,721
Accounts receivable, state	450,254	-	-	450,254	114,528
Accounts receivable, other	107,797	147,720	-	255,517	79,374
Restricted cash and investments	-	-	-	-	580,689
Total current assets	<u>12,187,660</u>	<u>1,617,853</u>	<u>164,990</u>	<u>13,970,503</u>	<u>2,160,312</u>
Non-current assets:					
Net pension asset	245,655	-	-	245,655	-
Non-depreciable assets	1,442,890	1,782,747	57,117	3,282,754	-
Capital assets, net of depreciation	<u>6,387,123</u>	<u>5,358,196</u>	<u>2,279,852</u>	<u>14,025,171</u>	<u>976,375</u>
Total non-current assets	<u>8,075,668</u>	<u>7,140,943</u>	<u>2,336,969</u>	<u>17,553,580</u>	<u>976,375</u>
Total assets	<u>20,263,328</u>	<u>8,758,796</u>	<u>2,501,959</u>	<u>31,524,083</u>	<u>3,136,687</u>
Deferred Outflows of Resources:					
Contributions to pension plan in current fiscal year	182,493	-	-	182,493	-
Pension deferrals	<u>27,394</u>	<u>-</u>	<u>-</u>	<u>27,394</u>	<u>-</u>
Total deferred outflows of resources	<u>209,887</u>	<u>-</u>	<u>-</u>	<u>209,887</u>	<u>-</u>
Liabilities and Net Position:					
Liabilities:					
Current liabilities:					
Accounts payable	228,111	47,861	83,956	359,928	123,234
Payroll withholdings	209,817	27,261	-	237,078	-
Accrued liabilities	26,139	-	-	26,139	-
Accrued interest	41,552	10,730	-	52,282	8,927
Insurance claims incurred, but not reported	-	-	-	-	426,027
Due to other funds	-	-	136,625	136,625	-
Prepaid fees	-	133,808	-	133,808	-
Current portion of long-term debt	372,809	516,536	-	889,345	234,917
Compensated absences, current portion	<u>192,296</u>	<u>-</u>	<u>-</u>	<u>192,296</u>	<u>-</u>
Total current liabilities	<u>1,070,724</u>	<u>736,196</u>	<u>220,581</u>	<u>2,027,501</u>	<u>793,105</u>
Non-current liabilities:					
Compensated absences	128,197	-	-	128,197	-
Post-closing liability	7,899,125	-	-	7,899,125	-
OPEB liability	2,121,953	-	-	2,121,953	-
Long-term debt	<u>4,639,638</u>	<u>4,451,822</u>	<u>-</u>	<u>9,091,460</u>	<u>1,737,600</u>
Total non-current liabilities	<u>14,788,913</u>	<u>4,451,822</u>	<u>-</u>	<u>19,240,735</u>	<u>1,737,600</u>
Total liabilities	<u>15,859,637</u>	<u>5,188,018</u>	<u>220,581</u>	<u>21,268,236</u>	<u>2,530,705</u>
Deferred Inflows of Resources:					
Pension deferrals	<u>599,322</u>	<u>-</u>	<u>-</u>	<u>599,322</u>	<u>-</u>
Net Position:					
Net investment in capital assets	2,817,566	2,172,585	2,336,969	7,327,120	(415,453)
Unrestricted	<u>1,196,690</u>	<u>1,398,193</u>	<u>(55,591)</u>	<u>2,539,292</u>	<u>1,021,435</u>
Total net position	<u>\$ 4,014,256</u>	<u>\$ 3,570,778</u>	<u>\$ 2,281,378</u>	<u>\$ 9,866,412</u>	<u>\$ 605,982</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 POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Major		Nonmajor	Total	Total
	Solid Waste Landfill Fund	SportsPlex Fund	Efland Sewer Operating Fund	Enterprise Funds	Internal Service Funds
Operating Revenues:					
Landfill fees	\$ 5,173,619	\$ -	\$ -	\$ 5,173,619	\$ -
Service fees	-	3,134,557	188,236	3,322,793	-
Other	296	-	-	296	658,264
Employee contributions	-	-	-	-	9,187,839
Total operating revenues	<u>5,173,915</u>	<u>3,134,557</u>	<u>188,236</u>	<u>8,496,708</u>	<u>9,846,103</u>
Operating Expenses:					
Landfill	7,301,251	-	-	7,301,251	-
General and administrative	2,559,602	2,814,307	281,447	5,655,356	103,917
Repairs and maintenance	-	-	14,349	14,349	-
Depreciation	997,090	297,946	87,134	1,382,170	571,597
Claims expense	-	-	-	-	9,033,236
Total operating expenses	<u>10,857,943</u>	<u>3,112,253</u>	<u>382,930</u>	<u>14,353,126</u>	<u>9,708,750</u>
Operating income (loss)	<u>(5,684,028)</u>	<u>22,304</u>	<u>(194,694)</u>	<u>(5,856,418)</u>	<u>137,353</u>
Non-Operating Revenues (Expenses):					
Investment earnings	2,284	-	44	2,328	113
Interest and fees	(179,118)	(103,112)	-	(282,230)	(45,242)
Grant - State	1,192,897	-	-	1,192,897	-
Gain on sale of capital assets	138,937	-	-	138,937	-
Total non-operating revenues (expenses)	<u>1,155,000</u>	<u>(103,112)</u>	<u>44</u>	<u>1,051,932</u>	<u>(45,129)</u>
Income (loss) before contributions and transfers	<u>(4,529,028)</u>	<u>(80,808)</u>	<u>(194,650)</u>	<u>(4,804,486)</u>	<u>92,224</u>
Other Financing Sources (Uses):					
Transfers in	1,856,543	376,450	143,750	2,376,743	-
Total other financing sources (uses)	<u>1,856,543</u>	<u>376,450</u>	<u>143,750</u>	<u>2,376,743</u>	<u>-</u>
Change in net position	<u>(2,672,485)</u>	<u>295,642</u>	<u>(50,900)</u>	<u>(2,427,743)</u>	<u>92,224</u>
Net Position:					
Beginning of year - July 1	2,126,393	3,275,136	2,332,278	7,733,807	513,758
Restatement	4,560,348	-	-	4,560,348	-
Beginning of year - July 1, as restated	<u>6,686,741</u>	<u>3,275,136</u>	<u>2,332,278</u>	<u>12,294,155</u>	<u>513,758</u>
End of year - June 30	<u>\$ 4,014,256</u>	<u>\$ 3,570,778</u>	<u>\$ 2,281,378</u>	<u>\$ 9,866,412</u>	<u>\$ 605,982</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, 2015

	<u>Major</u>		<u>Nonmajor</u>	<u>Total</u>	<u>Total</u>
	<u>Solid Waste Landfill Fund</u>	<u>SportsPlex Fund</u>	<u>Efland Sewer Operating Fund</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:					
Cash received from customers	\$ 4,716,532	\$ 3,082,248	\$ -	\$ 7,798,780	\$ 251,440
Cash received from assessments	-	-	188,236	188,236	-
Cash received from employee contributions	-	-	-	-	9,403,810
Cash paid to employees	(666,465)	(1,104,328)	-	(1,770,793)	-
Cash paid for goods and services	(11,389,046)	(1,804,243)	(280,901)	(13,474,190)	(32,299)
Cash paid for claims	-	-	-	-	(9,203,179)
Net cash provided (used) by operating activities	<u>(7,338,979)</u>	<u>173,677</u>	<u>(92,665)</u>	<u>(7,257,967)</u>	<u>419,772</u>
Cash Flows from Non-Capital Financing Activities:					
Transfers in	1,856,543	376,450	143,750	2,376,743	-
Non-capital grants	1,192,897	-	-	1,192,897	-
Net cash provided (used) by non-capital financing activities	<u>3,049,440</u>	<u>376,450</u>	<u>143,750</u>	<u>3,569,640</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Payments related to the acquisition of capital assets	(918,354)	(568,570)	-	(1,486,924)	(473,470)
Proceeds from sale of asset	138,937	-	-	138,937	-
Interest paid on long-term debt	(179,118)	(103,112)	-	(282,230)	(45,242)
Proceeds on debt issuance	1,034,660	3,981,478	-	5,016,138	714,850
Payments related to the payment of debt	(316,991)	(3,443,250)	-	(3,760,241)	(154,151)
Net cash provided (used) by capital and related financing activities	<u>(240,866)</u>	<u>(133,454)</u>	<u>-</u>	<u>(374,320)</u>	<u>41,987</u>
Cash Flows from Investing Activities:					
Interest on investments	2,284	-	44	2,328	113
Net increase (decrease) in cash and cash equivalents	(4,528,121)	416,673	51,129	(4,060,319)	461,872
Cash and Cash Equivalents:					
Beginning of year - July 1	16,157,730	1,053,460	113,861	17,325,051	1,504,538
End of year - June 30	<u>\$ 11,629,609</u>	<u>\$ 1,470,133</u>	<u>\$ 164,990</u>	<u>\$ 13,264,732</u>	<u>\$ 1,966,410</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (5,684,028)	\$ 22,304	\$ (194,694)	\$ (5,856,418)	\$ 137,353
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	997,090	297,946	87,134	1,382,170	571,597
Pension expense	22,117	-	-	22,117	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(457,383)	(16,367)	-	(473,750)	(193,902)
(Increase) decrease in deferred outflows of resources for pensions	(182,493)	-	-	(182,493)	-
Increase (decrease) in accounts payable and accrued liabilities	(2,271,333)	(94,264)	14,895	(2,350,702)	(95,276)
Increase (decrease) in compensated absences payable	2,792	-	-	2,792	-
Increase (decrease) in unearned revenues	-	(35,942)	-	(35,942)	-
Increase (decrease) in other post-employment benefits	234,259	-	-	234,259	-
Net cash provided (used) by operating activities	<u>\$ (7,338,979)</u>	<u>\$ 173,677</u>	<u>\$ (92,665)</u>	<u>\$ (7,257,967)</u>	<u>\$ 419,772</u>

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

ORANGE COUNTY, NORTH CAROLINA

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 1,084,611
Accounts receivable, property taxes, net	298,796
Accounts receivable, other	<u>103,121</u>
Total assets	<u>\$ 1,486,528</u>
Liabilities:	
Accounts payable	\$ 1,410,860
Due to cooperative extension	<u>75,668</u>
Total liabilities	<u>\$ 1,486,528</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, 2015

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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 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 Position 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. Eliminations have been made to minimize the double counting of internal activities.

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.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

School Capital Improvements. 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:

Solid Waste Landfill 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, Article 46 Sales Tax, Spay Neuter, and County Capital Reserve.

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

Dental and Health Insurance Internal Service Fund. The Health and Dental Self-Insurance Fund accounts for the health and dental plans of the County.

Vehicle Replacement Fund. The Vehicle Replacement Fund accounts for the purchase of vehicles.

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; 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 DSS Trust Fund that accounts for funds held by the County for subsistence needs of specific social service clients; the Register of Deeds Trust Fee Fund that accounts for the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust mortgage

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

that the County is required to submit to the State Treasurer on a monthly basis; the Mental Health Insurance Fund that accounts for the funds received from Orange Person Chatham "OPC" Mental Health Developmental Disabilities and Substance Abuse Authority and its former employees to cover insurance costs for retirees; and the Orange County Giving Fund that accounts for donor specific contributions to targeted initiatives.

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.

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.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, 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 State of North Carolina 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. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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 position 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.

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 those listed below), and the enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the following special revenue funds: Community Development, the Grant Projects, the Adoption Enhancement, and the capital projects funds.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 2015:

	<u>Original Budget</u>	<u>Total Amendments</u>	<u>Revised Budget</u>
General Fund	\$ 200,428,111	\$ 9,903,153	\$ 210,331,264
Capital Project Funds:			
County Capital Improvements	153,677,122	15,266,511	168,943,633
School Capital Improvements	74,480,847	4,727,236	79,208,083
Special Revenue Funds:			
Impact Fee	-	1,040,000	1,040,000
Community Development	21,744,858	713,666	22,458,524
Housing Fund	4,569,529	-	4,569,529
Grant Supported Projects	163,694	61,430	225,124
Grant Projects Fund	14,406,699	713,843	15,120,542
Emergency Telephone System	857,041	207,031	1,064,072
Visitor's Bureau	1,503,101	100,000	1,603,101
Fire Districts	4,853,888	117,500	4,971,388
Adoption Enhancement	571,290	15,381	586,671
Article 46 Sales Tax	5,764,000	2,772,980	8,536,980
Spay and Neuter	66,350	2,308	68,658
Enterprise Funds:			
Solid Waste/Landfill	13,023,050	4,076,528	17,099,578
Efland Sewer Operating	374,480	-	374,480
SportsPlex	3,609,186	1,950,917	5,560,103

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

D. Assets, Liabilities, Deferred Inflows and Outflows, 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.

Restricted cash at June 30, 2015 consists of the following:

Governmental Activities:

County Capital Improvements:

Unspent debt proceeds \$ 22,149,442

School Capital Improvements:

Unspent debt proceeds 5,909,637

Vehicle Replacement Fund:

Unspent debt proceeds 580,689

Total governmental activities 28,639,768

Total restricted cash \$ 28,639,768

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

These taxes are based on the assessed values as of January 1, 2014. 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, 2013.

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.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criteria – contributions made to the pension plan in the current fiscal year and pension deferrals. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has two items that meet the criteria for this category – prepaid taxes and other pension related deferrals.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 Position.

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. The County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. Accumulated vacation leave and salary related payments at June 30, 2015 amounted to \$5,074,379 for governmental activities and \$320,493 for business-type activities.

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, 2015 amounted to \$13,186,110 in total, \$12,351,665 of which relates to the governmental funds and \$834,445 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 Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets; 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 \$120.1 million incurred for the Orange County and the Chapel Hill-Carrboro City Boards of Education (the "school system"). Under North Carolina

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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 in tact.

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.

Long-Term Note Receivable – portion of fund balance that is not an available resource because it represents amounts that have not yet been collected.

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

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.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Restricted fund balance at June 30, 2015 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	\$ -	\$ 5,909,637	\$ -	\$ 5,909,637
Governing and management	22,149,442	-	-	22,149,442
Public safety	-	-	1,661,525	1,661,525
Community and environment	-	-	2,832,125	2,832,125
Total	<u>\$ 22,149,442</u>	<u>\$ 5,909,637</u>	<u>\$ 4,493,650</u>	<u>\$ 32,552,729</u>

The difference between restricted fund balance on Exhibit C and restricted net position on Exhibit A is unspent debt proceeds.

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

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

Committed for Education – portion of fund balance committed by the governing board for education purposes.

Committed fund balance at June 30, 2015 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
Committed:			
Human services	\$ -	\$ 788,612	\$ 788,612
Education	-	113,388	113,388
Governing and management	7,543,841	32,494	7,576,335
Total	<u>\$ 7,543,841</u>	<u>\$ 934,494</u>	<u>\$ 8,478,335</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

Assigned fund balance at June 30, 2015 is as follows:

Purpose	General Fund	Other Nonmajor Governmental Funds	Total
Assigned:			
Subsequent years' expenditures	\$ 10,650,770	\$ -	\$ 10,650,770
Community and environment	-	1,426,538	1,426,538
General services	-	9,155	9,155
Education	-	4,341,861	4,341,861
Total	<u>\$ 10,650,770</u>	<u>\$ 5,777,554</u>	<u>\$ 16,428,324</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 non-County funds, and County funds.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 65,019,581
Less:	
Inventories	20,306
Stabilization for State statute	<u>11,255,821</u>
Total available fund balance	<u>\$ 53,743,454</u>

Commitments

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 \$1,321,351.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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)	\$ 65,019,581
Property Revaluation Fund:	
Revenues:	
Investment earnings	11,160
Fund balance:	
Beginning of year - July 1	<u>(11,160)</u>
End of year - June 30 (Exhibit D)	<u>\$ 65,019,581</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.

Reclassifications

Certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 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, 2015, the County's deposits had a carrying amount of \$32,821,714 and a bank balance of \$33,569,553. Of the bank balance, \$904,479 was covered by federal depository insurance, and \$32,665,074 was covered by collateral held under the Pooling Method. Cash on hand was \$4,899.

Investments

At June 30, 2015, 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	<u>\$ 83,978,942</u>	<u>\$ 83,978,942</u>	N/A	N/A

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

In addition to the previously noted limitations on appropriate securities, Orange County's investment activities are further restricted in the following manner:

- A. It is the policy of Orange County to diversify its investment portfolio. Assets held shall be diversified to eliminate the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification shall be determined and revised periodically by the Investment Officer. Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. Maturities selected shall provide for stability of income and reasonable liquidity.
- B. Orange County recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the capital position of the overall portfolio. In the event of a default by a specific issuer, the Financial Services Director shall review and, if appropriate, proceed to liquidate securities having comparable credit risks.
- C. No investments in repurchase agreements shall be made unless the underlying collateral shall be placed in safekeeping in the trust department of a third-party designated by the County.
- D. The combined total investment in commercial paper and bankers' acceptances shall not exceed thirty five percent (35%) of the total portfolio and the investment in commercial paper or bankers' acceptances of a single issuer shall not exceed (35%) of the total portfolio at the time of investment.
- E. No investment shall be made in any security with a maturity greater than five (5) years from the date of purchase.

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.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on specifically managing credit risk. Investments in the North Carolina Capital Management Trust's Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2015.

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

3. 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 Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 747,361,945	\$ 6,408,393	\$ 753,770,338
2013	758,572,374	6,504,519	765,076,893
2014	766,158,098	6,569,564	772,727,662
2015	<u>736,285,482</u>	<u>6,313,648</u>	<u>742,599,130</u>
Total	<u>\$ 3,008,377,899</u>	<u>\$ 25,796,124</u>	<u>\$ 3,034,174,023</u>

4. Receivables

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2015 are net of the following allowance for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 1,605,879</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

5. Capital Assets

Governmental Capital Assets

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

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 13,077,443	\$ -	\$ -	\$ 13,077,443
Easement	4,949,636	-	-	4,949,636
Water Resources, Lake Orange	481,624	-	-	481,624
Construction in progress	17,894,294	2,494,556	-	20,388,850
Non-depreciable capital assets	36,402,997	2,494,556	-	38,897,553
Depreciable Capital Assets:				
Buildings	93,883,750	-	-	93,883,750
Leasehold improvements	3,411,653	-	-	3,411,653
Automotive equipment	7,679,460	74,658	220,183	7,533,935
Other equipment	8,402,523	987,774	36,882	9,353,415
Depreciable capital assets	113,377,386	1,062,432	257,065	114,182,753
Less Accumulated Depreciation:				
Buildings	30,842,808	2,848,571	-	33,691,379
Leasehold improvements	767,623	170,583	-	938,206
Automotive equipment	7,113,611	292,360	170,183	7,235,788
Other equipment	5,936,295	922,085	36,882	6,821,498
Total	44,660,337	\$ 4,233,599	\$ 207,065	48,686,871
Depreciable capital assets, net	68,717,049			65,495,882
Governmental activity capital assets, net	\$ 105,120,046			\$ 104,393,435
Internal Service Fund:				
Reported in governmental activities:				
Vehicles	\$ 1,423,506	\$ 473,470	\$ -	\$ 1,896,976
Less accumulated depreciation	349,004	571,597	-	920,601
Total capital assets, net	\$ 1,074,502	\$ (98,127)	\$ -	\$ 976,375
Total governmental capital assets, net	\$ 106,194,548			\$ 105,369,810

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Governmental Activities:

General and management	\$ 2,916,867
General services	131,242
Community and environment	48,266
Human services	161,759
Public safety	<u>975,465</u>
Total	<u>\$ 4,233,599</u>

Internal Service Fund:

General and management	<u>\$ 571,597</u>
------------------------	-------------------

Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2015 are as follows:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Business-Type Activities:				
Solid Waste Landfill:				
Non-Depreciable Capital Assets:				
Land	\$ 1,442,890	\$ -	\$ -	\$ 1,442,890
Construction in progress	<u>1,705,026</u>	-	<u>1,705,026</u>	-
Non-depreciable capital assets	<u>3,147,916</u>	-	<u>1,705,026</u>	<u>1,442,890</u>
Depreciable Capital Assets:				
Land improvements	3,956,457	-	-	3,956,457
Buildings	3,681,734	1,224,465	-	4,906,199
Equipment	<u>9,760,095</u>	<u>1,398,915</u>	814,189	<u>10,344,821</u>
Depreciable capital assets	<u>17,398,286</u>	<u>2,623,380</u>	<u>814,189</u>	<u>19,207,477</u>
Less Accumulated Depreciation:				
Land improvements	3,343,653	18,010	-	3,361,663
Buildings	965,634	126,990	-	1,092,624
Equipment	<u>8,328,166</u>	<u>852,090</u>	814,189	<u>8,366,067</u>
Total accumulated depreciation	<u>12,637,453</u>	<u>\$ 997,090</u>	<u>\$ 814,189</u>	<u>12,820,354</u>
Depreciable capital assets, net	<u>4,760,833</u>			<u>6,387,123</u>
Solid waste capital assets, net	<u>7,908,749</u>			<u>7,830,013</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
SportsPlex:				
Non-Depreciable Capital Assets:				
Land	794,466	\$ -	\$ -	794,466
Construction in progress	436,561	551,720	-	988,281
Non-depreciable capital assets	<u>1,231,027</u>	<u>551,720</u>	-	<u>1,782,747</u>
 Depreciable Capital Assets:				
Buildings	7,379,139	-	-	7,379,139
Equipment	326,885	16,850	-	343,735
Depreciable capital assets	<u>7,706,024</u>	<u>16,850</u>	-	<u>7,722,874</u>
 Less Accumulated Depreciation:				
Buildings	1,931,327	255,401	-	2,186,728
Equipment	135,405	42,545	-	177,950
Total accumulated depreciation	<u>2,066,732</u>	<u>\$ 297,946</u>	<u>\$ -</u>	<u>2,364,678</u>
Depreciable capital assets, net	<u>5,639,292</u>			<u>5,358,196</u>
Total Sportsplex capital Assets, net	<u>6,870,319</u>			<u>7,140,943</u>
 Efland Sewer:				
Non-Depreciable Capital Assets:				
Land and right-of-way	57,117	\$ -	\$ -	57,117
Non-depreciable capital assets	<u>57,117</u>	-	-	<u>57,117</u>
 Depreciable Capital Assets:				
Sewer lines	3,707,847	-	-	3,707,847
 Less Accumulated Depreciation:				
Sewer lines	1,340,862	87,134	\$ -	1,427,995
Depreciable capital assets, net	<u>2,366,985</u>			<u>2,279,852</u>
Efland Sewer capital assets, net	<u>2,424,102</u>			<u>2,336,969</u>
Business-type activities capital assets, net	<u>\$ 17,203,170</u>			<u>\$ 17,307,925</u>

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

6. Construction Commitments

The government has active construction projects as of June 30, 2015. The government’s major commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
County Jail	\$ 256,567	\$ 1,118,433
Lands Legacy	112,785	3,780,524
Affordable Housing	2,366,701	612,103
Medicaid Maximization	2,007,673	3,790,495
Efland Sewer Extension	116,901	1,681,339
Central Efland Buckhorn Sewer	3,680,070	1,170,490
Culbreth Science Wing	4,915,529	56,147
Southwest Branch Library	61,025	638,975
Total	<u>\$ 13,517,251</u>	<u>\$ 12,848,506</u>

7. Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System 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, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,041,550 for the year ended June 30, 2015.

Refunds of Contributions. County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the County reported an asset of \$4,094,256 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

net pension asset was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County’s proportion was .1144%, which was a decrease of .0006% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$371,147. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 447,368
Net difference between projected and actual earnings on pension plan investments	-	9,531,332
Changes in proportion and differences between County contributions and proportionate share of contributions	446,569	-
County contributions subsequent to the measurement date	<u>3,041,550</u>	<u>-</u>
Total	<u>\$ 3,488,119</u>	<u>\$ 9,978,700</u>

\$3,041,550 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2016	\$ (2,383,033)
2017	(2,383,033)
2018	(2,383,033)
2019	(2,383,032)
2020	-
Thereafter	-
	<u>\$ (9,532,131)</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100.0%</u>	

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.19%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 13,897,670	\$ (4,094,256)	\$ (19,242,873)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Active plan members	<u>83</u>
Total	<u>91</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.

Actuarial Assumptions. The amortization method for the Separation Allowance is level dollar closed. The remaining amortization period is 17 years. The annual required contribution for the current year was determined as part of the December 31, 2013 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 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases.

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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	\$ 270,882
Interest on net pension obligation	30,399
Adjustment to annual required contribution	<u>(51,359)</u>
Annual pension cost	249,922
Employer contributions made	<u>147,163</u>
Increase (decrease) in net pension obligation	102,759
Net pension obligation:	
Beginning of year - July 1	<u>607,979</u>
End of year - June 30	<u><u>\$ 710,738</u></u>

Three-Year Trend Information

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 206,766	78.37%	\$ 578,122
2014	200,404	85.10%	607,979
2015	249,922	58.88%	710,738

Funded Status and Funding Progress. As of December 31, 2014, 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 \$2,078,230. The covered payroll (annual payroll of active employees covered by the plan) was \$4,190,815, and the ratio of the UAAL to the covered payroll was 49.59%.

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.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015 were \$222,843, which consisted of \$191,273 from the County and \$31,570 from the law enforcement officers.

Register of Deeds’ Supplemental Pension Fund

Plan Description. Orange County also contributes to the Registers of Deeds’ Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers 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 Registers of Deeds’ Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual’s benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual’s eligibility is based on at least 10 years of service as a register of deeds with the individual’s share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$8,746 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the County reported an asset of \$239,437 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 1.06 %, which was a decrease of .05% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$2,537. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,197	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,289
Changes in proportion and differences between County contributions and proportionate share of contributions	7,805	-
County contributions subsequent to the measurement date	8,746	-
Total	\$ 18,748	\$ 1,289

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

\$8,746 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2016	\$ 4,224
2017	4,224
2018	587
2019	(322)
2020	-
Thereafter	-
Total	<u>\$ 8,713</u>

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ (214,999)</u>	<u>\$ (239,437)</u>	<u>\$ (260,432)</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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 65 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.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Membership of the Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	316
Active plan members:	
General employees	744
Law enforcement officers	<u>84</u>
Total	<u>1,144</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.

The current annual required contribution ("ARC") rate is 13.23% of annual covered payroll. For the current year, the County contributed \$1,568,004, or 4.03%, 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.

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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:

Annual required contribution	\$ 5,146,325
Interest on net OPEB obligation	4.00%
Adjustments to annual required contribution	<u>325,991</u>
Annual OPEB cost (expense)	5,472,316
Contributions made	<u>1,568,004</u>
Increase (decrease) in net OPEB obligation	3,904,312
Net OPEB obligation:	
Beginning of year - July 1, as restated	<u>31,409,260</u>
End of year - June 30	<u>\$ 35,313,572</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 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>
2013	\$ 5,616,441	81.67%	\$ 24,347,559
2014	5,382,174	80.30%	31,409,260
2015	5,472,316	28.65%	35,313,572

Funding Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$65,152,273 and the unfunded actuarial accrued liability ("UAAL") was \$65,152,273. The covered payroll (annual payroll of active employees covered by the plan) was \$38,892,701, and the ratio of the UAAL to the covered payroll was 167.5 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.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2013 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 7.75 to 5.00 percent annually, and a post-Medicare trend rate of 5.75 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 a closed basis. The remaining amortization period at December 31, 2013 was 29 years.

As of June 30, 2015, management has decided to fund the OPEB on a pay-as-you go basis during the fiscal year. At the end of each fiscal year, management will make an additional contribution to fund the annual required contribution with one half of the General Fund unassigned fund balance in excess of 17% of General Fund expenditures. The Board will formalize their OPEB policy in fiscal year 2016.

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. 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, 2015, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.0% and 0.0% 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.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer had contributed as of December 31, 2010, was established by the State. The County contributed more than 20 years and was relieved for three years. Contributions from the County will resume in the fiscal year beginning July 1, 2015.

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.

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.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

8. Long-Term Obligations

The following is a summary of transactions affecting the County's long-term obligations for the year ended June 30, 2015:

	Balance July 1, 2014 as restated	Increases	Decreases	Balance June 30, 2015	Amounts Due Within One Year
Governmental Activities:					
General Fund:					
General obligation bonds	\$ 77,150,000	\$ 15,140,000	\$ 23,935,000	\$ 68,355,000	\$ 9,075,000
Installment notes payable	118,778,026	14,879,012	12,998,498	120,658,540	10,842,111
Revolving loan payable	1,663,703	1,161,534	145,640	2,679,597	145,640
Bond premium	15,318,561	1,904,232	3,104,036	14,118,757	-
Net pension obligation (LGERS)	5,539,916	-	5,539,916	-	-
Accrued compensated absences	5,275,242	4,423,272	4,624,135	5,074,379	3,044,627
Separation allowance	607,979	249,922	147,163	710,738	-
OPEB liability	29,521,566	5,143,977	1,473,924	33,191,619	-
Total General Fund	<u>253,854,993</u>	<u>42,901,949</u>	<u>51,968,312</u>	<u>244,788,630</u>	<u>23,107,378</u>
Vehicle Replacement Fund:					
Installment notes payable	<u>1,411,818</u>	<u>714,850</u>	<u>154,151</u>	<u>1,972,517</u>	<u>234,917</u>
Total Vehicle Replacement Fund	<u>1,411,818</u>	<u>714,850</u>	<u>154,151</u>	<u>1,972,517</u>	<u>234,917</u>
Total governmental activities	<u>\$ 255,266,811</u>	<u>\$ 43,616,799</u>	<u>\$ 52,122,463</u>	<u>\$ 246,761,147</u>	<u>\$ 23,342,295</u>
Business-Type Activities:					
Solid Waste Landfill:					
Installment notes payable	\$ 4,294,778	\$ 1,034,660	\$ 316,991	\$ 5,012,447	\$ 372,809
Post-closing liability	7,899,125	-	-	7,899,125	-
Net pension obligation (LGERS)	2,454,191	-	2,454,191	-	-
Accrued compensated absences	317,701	279,370	276,578	320,493	192,296
OPEB liability	1,887,694	328,339	94,080	2,121,953	-
Total Solid Waste	<u>16,853,489</u>	<u>1,642,369</u>	<u>3,141,840</u>	<u>15,354,018</u>	<u>565,105</u>
Sportsplex:					
Installment notes payable	<u>4,430,130</u>	<u>3,981,478</u>	<u>3,443,250</u>	<u>4,968,358</u>	<u>516,536</u>
Total Sportsplex	<u>4,430,130</u>	<u>3,981,478</u>	<u>3,443,250</u>	<u>4,968,358</u>	<u>516,536</u>
Total business-type activities	<u>\$ 21,283,619</u>	<u>\$ 5,623,847</u>	<u>\$ 6,585,090</u>	<u>\$ 20,322,376</u>	<u>\$ 1,081,641</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015 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.

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

\$15,140,000 2015 Refunding serial bond, due in annual installments of \$670,000 to \$5,045,000 through April 1, 2019; interest at 1.63%	\$ 15,140,000
\$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%	16,835,000
\$24,440,000 2011 Refunding serial bond, due in semi-annual installments of \$20,550 to \$6,890,250 through February 1, 2023; interest at 2.00% to 4.00%	24,005,000
\$13,300,000 2012 Refunding serial bond, due in semi-annual installments through April 30, 2024; interest at 2-4%	<u>12,375,000</u>
Total	<u>\$ 68,355,000</u>

Of the amount serviced by the County's General Fund shown above, \$45,582,580 is considered to be school bond debt.

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

State Revolving Loan Serviced by the Governmental Funds:

On June 21, 2011, the County was approved for a maximum loan amount of \$3,500,000 from the U. S. Environmental Protection Agency passed through the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Fund. The loan proceeds are being used for the construction of an extension to the Town Efland's Sewer System. The loan is being reported as long-term debt in governmental activities and is repayable at 2.445% for 20 years beginning six months after the completion of the project. The loan repayment schedule calls for equal principal repayments of \$225,000 annually for 20 years.

\$ 2,679,597

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Installment Notes Payable and Limited Obligation Bonds:

Serviced by Governmental Funds:

Certificate of Participation, due in annual payments of \$745,455 to \$803,636; interest at 4% to 5% through April 1, 2026	\$ 7,252,255
Installment note payable, due in quarterly payments of \$42,125; interest at 5% through April 27, 2016	168,500
Installment note payable, due in annual payments of \$600,000; interest at 4.39% through December 21, 2022	4,200,000
Limited obligation bonds payable, due in annual payments of \$2,061,814 to \$4,693,159, interest at 2.00% to 5.00% through October 1, 2027	28,747,659
Limited obligation bonds payable, due in annual payments of \$788,649 to \$4,426,708, interest at 2.00% to 5.00% through October 1, 2033	46,792,672
\$4,136,434 of Qualified School Construction Bonds, due in annual installments of \$275,762 at 0% interest through March 15, 2025	2,757,623
Limited obligation bond, due in annual principal payments of \$221,655 to \$1,301,333, with semi-annual interest payments at 3.05% through July 24, 2034	14,781,825
Installment note payable, due in annual principal payments of \$413,823, with semi-annual interest payments at 3.05% through July 24, 2016	234,672
Installment note payable, due in annual payments of \$510,000; interest at 1.5% through June 1, 2018	1,426,846
Installment note payable, due in annual payments of \$432,000 to \$500,000; interest at 2.13% through June 1, 2028	5,722,880
Installment note payable, due in annual payments of \$449,000 to \$1,219,000; interest at 2.423% through February 1, 2029	8,573,608
Installment note payable, due in annual payments of \$10,000 to \$234,917; interest at 3.55% through February 1, 2035	<u>1,972,517</u>
Total	<u>\$ 122,631,057</u>

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Serviced by the County's Enterprise Funds:

Solid Waste Landfill Fund:

Installment note payable, due in annual payments of \$110,000; interest at 4.14% through June 26, 2027	\$ 1,420,461
Installment note payable, due in annual payments of \$15,950 to \$116,534; interest at 5.14% through April 1, 2035	1,034,658
Installment note payable, due in annual payments of \$110,000; interest at 4.14% through June 26, 2033	<u>2,557,328</u>
Total Solid Waste Landfill Fund	<u>5,012,447</u>

SportsPlex Fund:

Certificate of Participation refunding, due in annual payments of \$279,545 to \$448,436; interest at 4% to 5% through April 1, 2035	3,981,478
Installment note payable, due in annual payments of \$75,086; interest at 4.14% through June 26, 2027	<u>986,880</u>
Total SportsPlex Fund	<u>4,968,358</u>
Total enterprise funds	<u>9,980,805</u>
Total - all debt	<u>\$ 200,966,862</u>

Of the amount serviced by governmental funds shown above, \$55,513,404 is considered to be school installment debt.

The annual requirements as of June 30, 2015 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:

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Year Ending June 30	General Obligation Bonds		State Revolving Loan		Installment Purchase Options		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:								
General Fund:								
2016	\$ 9,075,000	\$ 2,050,082	\$ 145,640	\$ 60,763	\$ 10,842,111	\$ 4,737,291	\$ 20,062,751	\$ 6,848,136
2017	8,850,000	1,867,448	145,640	57,452	10,341,509	4,525,944	19,337,149	6,450,844
2018	8,645,000	1,669,305	145,640	54,141	10,896,737	4,141,441	19,687,377	5,864,887
2019	8,375,000	1,452,471	145,640	50,830	10,539,047	3,722,484	19,059,687	5,225,785
2020	8,540,000	1,195,150	145,640	47,519	9,763,371	3,291,366	18,449,011	4,534,035
2021-2025	24,870,000	1,930,300	728,200	187,924	44,653,635	10,348,041	70,251,835	12,466,265
2026-2030	-	-	728,200	105,144	19,639,993	2,526,641	20,368,193	2,631,785
2031-2035	-	-	494,997	24,513	3,982,137	341,799	4,477,134	366,312
Total General Fund	<u>68,355,000</u>	<u>10,164,756</u>	<u>2,679,597</u>	<u>588,286</u>	<u>120,658,540</u>	<u>33,635,007</u>	<u>191,693,137</u>	<u>44,388,049</u>
Internal Service Fund:								
2016	-	-	-	-	234,917	51,794	234,917	51,794
2017	-	-	-	-	230,990	53,294	230,990	53,294
2018	-	-	-	-	194,001	47,348	194,001	47,348
2019	-	-	-	-	160,775	42,125	160,775	42,125
2020	-	-	-	-	109,845	36,978	109,845	36,978
2021-2025	-	-	-	-	558,054	136,385	558,054	136,385
2026-2030	-	-	-	-	432,391	41,397	432,391	41,397
2031-2035	-	-	-	-	51,544	5,536	51,544	5,536
Total Internal Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,972,517</u>	<u>414,857</u>	<u>1,972,517</u>	<u>414,857</u>
Total governmental activities	<u>\$ 68,355,000</u>	<u>\$ 10,164,756</u>	<u>\$ 2,679,597</u>	<u>\$ 588,286</u>	<u>\$ 122,631,057</u>	<u>\$ 34,049,864</u>	<u>\$ 193,665,654</u>	<u>\$ 44,802,906</u>
Business-Type Activities:								
Solid Waste Landfill:								
2016	\$ -	\$ -	\$ -	\$ -	\$ 372,809	\$ 198,455	\$ 372,809	\$ 198,455
2017	-	-	-	-	365,662	195,811	365,662	195,811
2018	-	-	-	-	374,973	180,872	374,973	180,872
2019	-	-	-	-	380,436	164,605	380,436	164,605
2020	-	-	-	-	382,649	147,177	382,649	147,177
2021-2025	-	-	-	-	1,798,559	477,651	1,798,559	477,651
2026-2030	-	-	-	-	1,106,926	149,918	1,106,926	149,918
2031-2033	-	-	-	-	230,433	19,116	230,433	19,116
Total Solid Waste	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,012,447</u>	<u>1,533,605</u>	<u>5,012,447</u>	<u>1,533,605</u>
Sportsplex:								
2016	-	-	-	-	516,536	165,644	516,536	165,644
2017	-	-	-	-	491,728	192,142	491,728	192,142
2018	-	-	-	-	290,894	176,747	290,894	176,747
2019	-	-	-	-	292,093	165,186	292,093	165,186
2020	-	-	-	-	297,193	150,929	297,193	150,929
2021-2025	-	-	-	-	1,514,042	564,226	1,514,042	564,226
2026-2030	-	-	-	-	1,278,794	168,504	1,278,794	168,504
2031-2035	-	-	-	-	287,078	30,836	287,078	30,836
Total Sportsplex	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,968,358</u>	<u>1,614,214</u>	<u>4,968,358</u>	<u>1,614,214</u>
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,980,805</u>	<u>\$ 3,147,819</u>	<u>\$ 9,980,805</u>	<u>\$ 3,147,819</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015, such statutory limit for the County was approximately \$1.3 billion, providing a legal debt margin of approximately \$1.1 billion.

Bonds authorized, but unissued, at June 30, 2015 were \$0.

Advance Refunding

On April 12, 2012, the County issued \$58,980,000 in 2012 Limited Obligation Bonds. A portion of those proceeds were used to advance refund the Public Improvement Certificates of Participation, Series 2006A. The County irrevocably deposited with a trustee, securities that were used to retire the principal and interest of the Public Improvement Certificates of Participation, Series 2006A, as they become due. Accordingly, the trust account assets and the liability for the defeased Certificates of Participation are not included in the County's financial statements. The par value of the defeased Public Improvement Certificates of Participation, Series 2006A at June 30, 2015 was \$6,625,000.

On July 23, 2014, the County issued \$15,140,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$15,035,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 4 years by \$208,000 and resulted in an economic gain of \$831,794.

On June 25, 2015, the County issued \$5,861,721 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$5,510,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 4 years by \$340,735 and resulted in an economic gain of \$289,131.

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, 2015, there is no balance outstanding.

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

9. Deferred Outflows and Inflows of Resources

The balances in deferred outflows and deferred inflows of resources on the fund statements and the government-wide statements at June 30, 2015, are composed of the following elements:

<u>Source</u>	<u>Amount</u>
Deferred outflows:	
Contributions to pension plan in current fiscal year	\$ 3,050,296
Pension Deferrals	<u>456,571</u>
Total	<u>\$ 3,506,867</u>
Deferred inflows:	
Prepaid taxes not yet earned (General)	\$ 467,967
Property taxes receivable (General)	2,423,158
Property taxes receivable (Other)	141,636
Pension Deferrals	<u>9,979,989</u>
Total	<u>\$ 13,012,750</u>

10. Net Investment in Capital Assets

Net investment in capital assets, at June 30, 2015 are computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 105,369,810	\$ 17,307,925
Less capital debt:		
Gross debt	205,811,894	9,980,805
Less:		
School debt related to assets to which the County does not hold title	(120,658,540)	-
Unexpended debt proceeds, County debt	<u>(22,730,131)</u>	<u>-</u>
Net capital debt	<u>62,423,223</u>	<u>9,980,805</u>
Net investment in capital assets	<u>\$ 42,946,587</u>	<u>\$ 7,327,120</u>

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

11. Interfund Balances and Activity

The following is a schedule of interfund receivable and payable balances as of June 30, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Efland Sewer Fund	\$ 136,625
Total		\$ 136,625

The interfund balance shown above resulted from a loan made to supplement other funding sources. This balance is not expected to be repaid within a year.

Transfers. The following is a summary of transfers for the year ended June 30, 2015:

<u>Transfers to:</u>	<u>Transfers from:</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Major General Fund	\$ 4,560	\$ 1,052,600	\$ 1,057,160
Nonmajor governmental funds	511,920	-	511,920
Major County Capital Improvements Fund	460,240	-	460,240
Major School Capital Improvements Fund	4,727,236	-	4,727,236
Major Solid Waste Landfill	1,856,543	-	1,856,543
Major SportsPlex	376,450	-	376,450
Nonmajor Enterprise Fund	143,750	-	143,750
Total	<u>\$ 8,080,699</u>	<u>\$ 1,052,600</u>	<u>\$ 9,133,299</u>

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, 2015

12. Benefit Payments Issued by the State

Certain amounts were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. This additional aid to County recipients does not appear in the basic financial statements because it does not represent revenues and expenditures of the County.

	Federal	State
Medical Assistance Program-Title XIX-Medicaid	\$ 69,322,705	\$ 36,060,898
Special Supplemental Nutrition Program for Women, Infants, and Children	1,277,469	-
Refugee Assistance	13,504	-
Energy Assistance	428,105	-
TANF	1,940,973	-
Adoption Assistance	706,115	169,035
Title IV Foster Care	732,789	138,878
North Carolina Health Choice	(3,001)	(942)
State/County Special Assistance	-	653,494
SFHS Maximization	-	22,531
State Foster Home	-	53,359
Total	\$ 74,418,659	\$ 37,097,253

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, 2015, 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.

13. 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

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 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' health and dental benefits administered by a third-party administrator. Premiums are paid into the Health and Dental Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. During fiscal year 2015, a total of \$450,154 and \$8,583,082 were incurred for benefits and administrative costs for the dental and health plans, respectively.

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

	<u>Year Ended June 30</u>	
	<u>2015</u>	<u>2014</u>
Unpaid claims:		
Beginning of year - July 1	\$ 566,437	\$ -
Incurred claims	8,414,457	4,405,861
Claim payments	<u>(8,583,082)</u>	<u>(3,839,424)</u>
End of year - June 30	<u>\$ 397,812</u>	<u>\$ 566,437</u>

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

	<u>Year Ended June 30</u>	
	<u>2015</u>	<u>2014</u>
Unpaid claims:		
Beginning of year - July 1	\$ 29,533	\$ 29,706
Incurred claims	450,154	474,782
Claim payments	<u>(451,472)</u>	<u>(474,955)</u>
End of year - June 30	<u>\$ 28,215</u>	<u>\$ 29,533</u>

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.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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.

14. Jointly Governed Organizations

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 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.

15. Joint Venture

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.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015, the County contributed \$1,355,973 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, 2015. 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.

16. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2015, the expenditures made in the County's General Fund debt service, General fund debt refunding, General fund transfers, Capital Improvements Fund, Library Development Fund and Visitors' Bureau Fund exceeded the authorized appropriations made by the governing board for the various departments by \$867,917, \$15,035,000, \$203,170, \$144,673,482, \$4,500 and \$81,722 respectively. These over-expenditures occurred because of unplanned expenditures. Management and the Board will more closely review the budget reports to ensure compliance in future years.

17. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for both governmental activities and business-type activities decreased by \$4,519,495 and \$304,156, respectively. The County had a prior period adjustment due to the OPEB liability being understated in the amount of \$5,641,164 for governmental activities and \$360,074 for business-type activities. The County also had a prior period adjustment to their post-closing liability due to a change in estimate in their landfill. As a result the net position of the business-type activities increased \$5,224,578.

Restatement of Community Development Fund Notes Receivable

The County restated fund balance in the Community Development fund during the current year to adjust for long-term notes receivable that have previously been reported as deferred inflows of resources. The restatement increased fund balance for governmental activities by \$1,000,000.

Required Supplemental Financial Data



ORANGE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / c
		Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)			
12/31/2006	\$ -	\$ 1,427,990	\$ 1,427,990	0.00%	\$ 3,721,937	38.37%
12/31/2007	-	1,503,242	1,503,242	0.00%	3,831,182	39.24%
12/31/2008	-	1,586,125	1,586,125	0.00%	4,042,490	39.24%
12/31/2009	-	1,994,877	1,994,877	0.00%	4,021,936	49.60%
12/31/2010	-	1,931,999	1,931,999	0.00%	4,104,157	47.07%
12/31/2011	-	2,004,133	2,004,133	0.00%	4,164,888	48.12%
12/31/2012	-	1,993,706	1,993,706	0.00%	4,107,806	48.53%
12/31/2013	-	2,133,206	2,133,206	0.00%	4,109,125	51.91%
12/31/2014	-	2,078,230	2,078,230	0.00%	4,190,815	49.59%

Schedule of Employer Contributions

Year Ended June 30	Annual	
	Required Contribution (ARC)	Percentage of ARC Contributed
2007	\$ 148,779	106.44%
2008	148,678	117.64%
2009	149,948	122.73%
2010	163,990	112.55%
2011	204,808	78.22%
2012	200,376	76.79%
2013	213,290	75.97%
2014	218,599	78.02%
2015	270,882	54.33%

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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increases *	4.25 - 7.85%
Cost of living adjustments	N/A

* Includes inflation at 3%

ORANGE COUNTY, NORTH CAROLINA

HEALTH CARE BENEFITS PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

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%
12/31/2011	-	63,716,142	63,716,142	0.00%	38,572,921	165.2%
12/31/2012	-	65,622,232	65,622,232	0.00%	37,343,621	175.7%
12/31/2013	-	65,152,273	65,152,273	0.00%	38,892,701	167.5%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2008	\$ 8,829,704	9.57%
2009	5,109,562	19.67%
2010	5,301,171	21.24%
2011	5,075,371	37.52%
2012	5,374,429	32.14%
2013	5,574,758	82.28%
2014	5,338,651	80.95%
2015	5,146,325	30.47%

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	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, closed
Remaining amortization period	29 Years
Amortization factor	25.4138
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	7.75%-5.00%
Post-Medicare trend rate	5.75%-5.00%
Year of Ultimate trend rate	2019

ORANGE COUNTY, NORTH CAROLINA**PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS *****LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.6942%	0.6632%
County's proportion of the net pension liability (asset) (\$)	\$ (4,094,256)	\$ (7,994,107)
County's covered-employee payroll	\$ 41,507,819	\$ 39,732,374
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(9.86%)	(20.12%)
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS**

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,041,550	\$ 2,924,842
Contributions in relation to the contractually required contribution	<u>3,041,550</u>	<u>2,924,842</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 43,233,224	\$ 41,507,819
Contributions as a percentage of covered-employee payroll	7.04%	7.05%

ORANGE COUNTY, NORTH CAROLINA**PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS *****REGISTERS OF DEED'S SUPPLEMENTAL PENSION FUND**

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	1.0560%	1.1100%
County's proportion of the net pension liability (asset) (\$)	\$ (239,437)	\$ (236,989)
County's covered-employee payroll	\$ 70,464	\$ 76,336
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-339.80%	-310.46%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

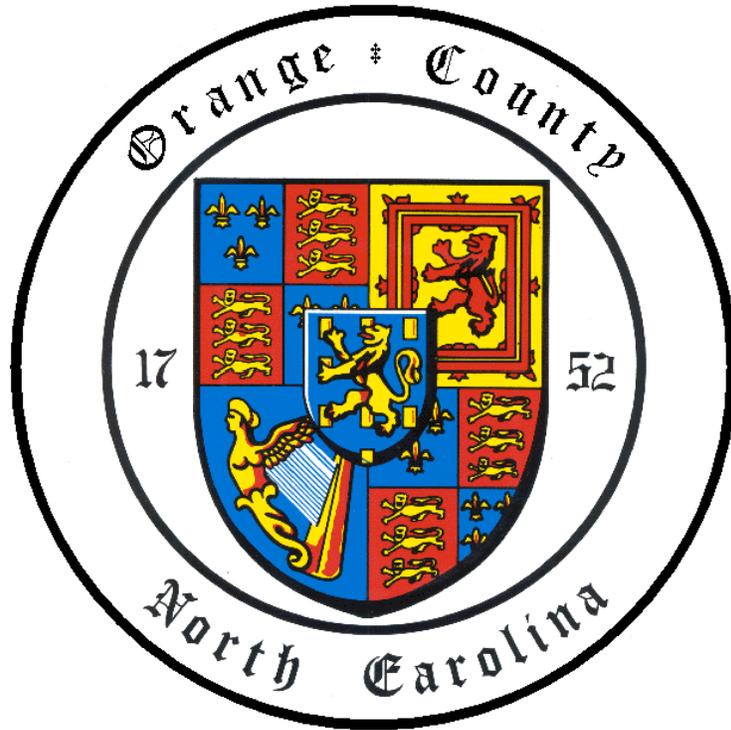
ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS**

REGISTERS OF DEED'S SUPPLEMENTAL PENSION FUND

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,746	\$ 8,625
Contributions in relation to the contractually required contribution	<u>8,746</u>	<u>8,625</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 76,112	\$ 70,464
Contributions as a percentage of covered-employee payroll	11.49%	12.24%

General Fund



ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Property Revaluation Fund</u>	<u>Total General Fund</u>
Revenues:			
Property taxes	\$ 145,833,869	\$ -	\$ 145,833,869
Sales tax	21,685,840	-	21,685,840
Intergovernmental revenues	20,594,979	-	20,594,979
Charges for services	11,944,185	-	11,944,185
Investment earnings	15,051	-	15,051
Licenses and permits	331,510	-	331,510
Miscellaneous	985,124	11,160	996,284
Total revenues	<u>201,390,558</u>	<u>11,160</u>	<u>201,401,718</u>
Expenditures:			
Governing and management	13,050,437	-	13,050,437
General services	7,589,861	-	7,589,861
Community and environment	6,591,893	-	6,591,893
Human services	37,008,858	-	37,008,858
Education	76,847,414	-	76,847,414
Public safety	20,945,780	-	20,945,780
Culture and recreation	2,647,079	-	2,647,079
Debt service:			
Principal	19,344,248	-	19,344,248
Interest and fees	8,052,975	-	8,052,975
Total expenditures	<u>192,078,545</u>	<u>-</u>	<u>192,078,545</u>
Revenues over (under) expenditures	<u>9,312,013</u>	<u>11,160</u>	<u>9,323,173</u>
Other Financing Sources (Uses):			
Bond refunding proceeds	15,140,000	-	15,140,000
Payment to escrow agent	(15,035,000)	-	(15,035,000)
Capital lease issuance	500,000	-	500,000
Transfers in	1,057,160	-	1,057,160
Transfers out	(8,080,699)	-	(8,080,699)
Total other financing sources (uses)	<u>(6,418,539)</u>	<u>-</u>	<u>(6,418,539)</u>
Net change in fund balance	2,893,474	11,160	2,904,634
Fund Balance:			
Beginning of year - July 1	<u>62,126,107</u>	<u>(11,160)</u>	<u>62,114,947</u>
End of year - June 30	<u>\$ 65,019,581</u>	<u>\$ -</u>	<u>\$ 65,019,581</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Property tax	\$ 144,831,050	\$ 145,124,244	\$ 293,194	\$ 142,233,171
Tax penalties and interest	424,000	637,376	213,376	837,517
Gross receipts tax	45,000	72,249	27,249	64,202
Total	<u>145,300,050</u>	<u>145,833,869</u>	<u>533,819</u>	<u>143,134,890</u>
Sales Tax:				
Local option sales tax	<u>19,001,962</u>	<u>21,685,840</u>	<u>2,683,878</u>	<u>19,896,974</u>
Intergovernmental Revenues:				
Animal tax	228,000	214,403	(13,597)	226,885
Beer and wine tax	223,600	259,654	36,054	235,600
Federal and State grants	18,643,586	19,002,632	359,046	18,514,228
Local grants	560,900	564,644	3,744	635,194
ABC Board law enforcement distribution	120,000	107,437	(12,563)	89,435
ABC Board profit distribution	440,000	446,209	6,209	448,885
Total	<u>20,216,086</u>	<u>20,594,979</u>	<u>378,893</u>	<u>20,150,227</u>
Charges for Services:				
Register of Deeds	1,393,687	1,495,487	101,800	1,398,805
Collection fees	336,201	386,171	49,970	353,728
Inspection fees	528,330	910,932	382,602	508,357
Health service fees	2,110,844	2,247,958	137,114	1,252,900
Recreation fees	295,558	392,506	96,948	343,158
Planning fees	191,215	371,178	179,963	431,768
Aging fees	212,600	215,335	2,735	189,377
EMS fees	2,240,215	2,888,576	648,361	2,767,531
Sheriff and court charges	2,471,700	2,203,909	(267,791)	2,355,598
Other charges	753,950	832,133	78,183	789,059
Total	<u>10,534,300</u>	<u>11,944,185</u>	<u>1,409,885</u>	<u>10,390,281</u>
Investment Earnings	<u>105,000</u>	<u>15,051</u>	<u>(89,949)</u>	<u>10,429</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Licenses and Permits:				
Privilege licenses	13,000	14,999	1,999	11,483
Franchise fees	300,000	316,511	16,511	313,054
Total	313,000	331,510	18,510	324,537
Miscellaneous Revenues:				
Donations	336,571	329,297	(7,274)	212,663
Rent	321,472	337,114	15,642	345,691
Other	188,358	318,713	130,355	83,897
Total	846,401	985,124	138,723	642,251
Total revenues	196,316,799	201,390,558	5,073,759	194,549,589
Expenditures:				
Governing and Management:				
County commissioners	859,800	762,594	97,206	763,621
County manager	756,548	570,916	185,632	724,607
Animal services	1,935,891	1,772,204	163,687	1,749,547
Human resources	823,056	811,787	11,269	621,910
Financial services	3,429,240	2,789,439	639,801	3,276,250
County Attorney	583,984	550,284	33,700	511,235
Asset management and purchasing	4,437,288	3,988,149	449,139	4,106,714
Non-departmental	2,378,719	1,805,064	573,655	1,273,421
Total	15,204,526	13,050,437	2,154,089	13,027,305
General Services:				
Information systems	2,724,203	2,373,428	350,775	1,853,997
Register of Deeds	945,250	899,163	46,087	901,840
Tax administration	3,568,346	3,246,314	322,032	2,780,516
Elections	744,870	658,981	85,889	606,209
Public Affairs	225,498	173,313	52,185	162,122
Non-departmental	15,000	238,662	(223,662)	184,633
Total	8,223,167	7,589,861	633,306	6,489,317

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Community and Environment:				
Planning	2,781,731	2,577,635	204,096	2,319,075
DEAPR	3,403,503	3,285,282	118,221	3,060,590
Economic development	540,210	409,918	130,292	333,271
Non-departmental	421,067	319,058	102,009	315,422
Total	7,146,511	6,591,893	554,618	6,028,358
Human Services:				
Social services	23,680,147	21,473,352	2,206,795	20,906,586
Health	9,824,302	9,298,369	525,933	9,003,287
Cooperative extension	385,914	341,053	44,861	343,232
Aging	3,326,970	2,965,820	361,150	2,717,650
Human rights and relations	220,371	222,847	(2,476)	206,424
Child support enforcement	1,012,969	925,436	87,533	936,488
Non-departmental	2,332,980	1,781,981	550,999	1,619,165
Total	40,783,653	37,008,858	3,774,795	35,732,832
Education:				
Current expense	72,704,414	72,704,414	-	65,619,252
Capital outlay	3,155,000	3,155,000	-	3,050,000
Non-departmental	988,000	988,000	-	988,000
Total	76,847,414	76,847,414	-	69,657,252
Public Safety:				
Sheriff	12,500,438	11,833,138	667,300	11,122,202
Emergency services	10,337,967	8,688,412	1,649,555	8,823,326
Courts	81,655	25,469	56,186	48,025
Non-departmental	366,052	398,761	(32,709)	375,998
Total	23,286,112	20,945,780	2,340,332	20,369,551
Cultural and Recreational:				
Library services	2,024,820	1,989,221	35,599	1,825,426
Non-departmental	660,213	657,858	2,355	570,255
Total	2,685,033	2,647,079	37,954	2,395,681

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Final Budget	Actual	Variance Over/Under	Actual
Principal On Bonds:				
School bond	7,026,010	7,026,010	-	7,234,871
County bond	1,873,990	1,873,990	-	1,820,130
Private Placement:				
Schools	5,307,899	5,185,319	(122,580)	4,366,779
County	5,009,396	5,258,929	249,533	5,382,173
Total	19,217,295	19,344,248	126,953	18,803,953
Interest and Fees:				
School bond interest	1,930,978	2,035,978	(105,000)	1,660,148
County bond interest	927,923	927,923	-	976,222
School private placement interest	2,344,097	2,540,545	(196,448)	2,950,708
County private placement interest	2,109,013	2,548,529	(439,516)	1,093,841
Total	7,312,011	8,052,975	(740,964)	6,680,919
Total debt service	26,529,306	27,397,223	(867,917)	25,484,872
Total expenditures	200,705,722	192,078,545	8,627,177	179,185,168
Revenues over (under) expenditures	(4,388,923)	9,312,013	13,700,934	15,364,421
Other Financing Sources (Uses):				
Bond refunding proceeds	-	15,140,000	15,140,000	-
Payment to escrow agent	-	(15,035,000)	(15,035,000)	-
Capital lease issuances	-	500,000	500,000	-
Transfers in	1,057,160	1,057,160	-	1,558,800
Transfers out	(8,080,699)	(8,080,699)	-	(9,372,404)
Appropriated fund balance	11,412,462	-	(11,412,462)	-
Total other financing sources (uses)	4,388,923	(6,418,539)	(10,807,462)	(7,813,604)
Net change in fund balance	\$ -	2,893,474	\$ 2,893,472	7,550,817
Fund Balance:				
Beginning of year - July 1		62,126,107		54,575,290
End of year - June 30		\$ 65,019,581		\$ 62,126,107

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous	\$ -	\$ 11,160	\$ 11,160
Total revenues	<u>-</u>	<u>11,160</u>	<u>11,160</u>
 Net change in fund balance	 <u>\$ -</u>	 11,160	 <u>\$ 11,160</u>
 Fund Balance:			
Beginning of year - July 1		<u>(11,160)</u>	
 End of year - June 30		 <u>\$ -</u>	

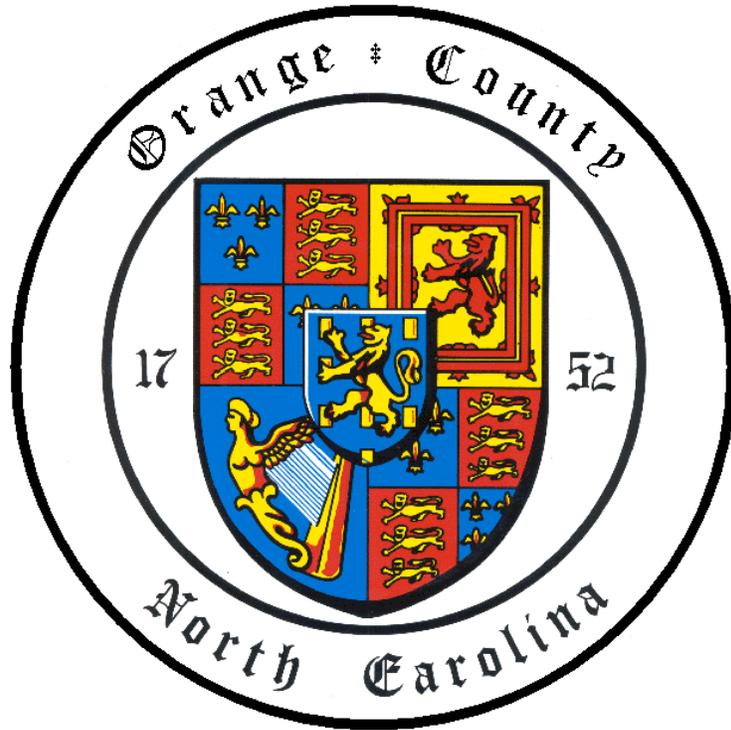
Major Governmental Funds

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.



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, 2015

	Budget to Date	Actual		Total to Date
		Reported in Prior Years	Current Year	
Revenues:				
Federal grants	\$ 7,584,768	\$ 6,646,877	\$ 616,330	\$ 7,263,207
State grants	8,919,565	5,235,521	496,641	5,732,162
Investment earnings	2,624,400	3,351,629	6,871	3,358,500
Other	1,586,504	3,476,474	253,150	3,729,624
Total revenues	20,715,237	18,710,501	1,372,992	20,083,493
Expenditures:				
New Hope Creek Preserve	360,000	94,427	5,840	100,267
Jail	1,375,000	256,567	-	256,567
Justice facility and new courthouse	12,229,073	12,326,996	-	12,326,996
New courthouse	-	218,797	-	218,797
Northern Human Services Center	3,640,771	395,056	788,528	1,183,584
Senior Center- Central Orange	6,460,533	6,147,769	-	6,147,769
Robert and Pearl Seymour Center	70,000	-	-	-
Southern Human Services Center	280,000	-	38,330	38,330
Whitted Human Services Center	1,795,000	850,065	880,712	1,730,777
Animal services facility	9,168,864	9,200,272	32,088	9,232,360
EMS relocation and meadowlands annex	3,669,214	3,570,059	99,156	3,669,215
County campus, office building, and library	32,419,479	26,890,736	-	26,890,736
County other	1,695,514	1,692,031	-	1,692,031
Blackwood Farm	2,437,435	2,279,170	17,208	2,296,378
Cedar Grove Park	1,848,000	1,847,999	-	1,847,999
Twin Creeks Park	1,720,020	844,937	-	844,937
Fairview Park	1,606,218	1,606,218	-	1,606,218
Conservation easement	2,278,208	1,879,782	5,604	1,885,386
Homestead Aquatics	-	83,346	-	83,346
Lands Legacy - unallocated	3,893,309	112,785	-	112,785
Parkland and recreation facilities	100,012	175,011	-	175,011
Seven Mile Creek Preserve	145,689	145,689	-	145,689
Southern Park	-	38,196	-	38,196
SportsPlex Maintenance Reserve	100,000	-	-	-
West Ten soccer complex	4,195,128	4,054,616	52,221	4,106,837
Central recreation repairs	414,441	414,441	-	414,441
Millhouse Road Park	258,812	258,712	-	258,712
Recreation and Parks capital maintenance	232,800	1,900	151,225	153,125
Blackwood Farm Park	192,840	-	124,951	124,951
Joint Artificial Turf Soccer (CH)	623,000	623,000	-	623,000
Roofing projects	1,688,110	1,305,486	136,599	1,442,085
Affordable housing	2,978,804	2,150,397	216,304	2,366,701
Information technology	7,409,457	4,228,636	1,768,218	5,996,854
Register of Deeds' automation enhancement	655,450	261,085	26,688	287,773
Medicaid maximization	5,798,168	1,982,807	24,866	2,007,673
Loan Pool Reserve	275,000	200,000	-	200,000
Efland Sewer extension	1,798,240	111,251	5,650	116,901
HVAC projects	2,593,923	2,130,625	232,834	2,363,459
ADA compliance	16,058	16,058	-	16,058

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, 2015

	Budget to Date	Reported in Prior Years	Actual Current Year	Total to Date
Utilities demand reduction systems	130,000	106,055	-	106,055
Upfit of County Space - Link Center	1,946,962	1,388,813	100,248	1,489,061
Telephone system replacement	575,000	562,748	-	562,748
Hillsborough Commons	3,790,000	3,780,709	-	3,780,709
Board of Elections office	97,000	34,750	14,351	49,101
Piedmont Food and Agriculture Processing	1,776,225	1,548,785	177,620	1,726,405
Eno EDD	315,000	-	-	-
800 MHz Radios	700,000	473,436	-	473,436
Dental equipment	100,000	84,894	5,135	90,029
Buckhorn EDD Phase 2	4,591,546	4,502,901	116,998	4,619,899
Payroll Software System	329,861	311,100	15,960	327,060
129 East King Street	145,000	109,991	3,500	113,491
Central Efland Buckhorn Sewer	4,850,560	3,680,070	-	3,680,070
McGowan Creek Outfall	1,165,534	638,477	532,948	1,171,425
Energy Bank	78,227	41,220	-	41,220
Viper Radio System	1,543,750	-	52,511	52,511
Communication System Improvements	2,558,868	1,718,678	485,742	2,204,420
Lake Orange Capital Maintenance	346,300	189,647	-	189,647
Observation Well Network	11,330	11,297	-	11,297
Jail New Campus	250,000	59,442	11,163	70,605
Historic Rogers Road Community Center	727,400	179,932	517,967	697,899
Future EMS Stations	50,000	6,314	-	6,314
Southern Orange Campus (Future)	700,000	255,611	71,198	326,809
Southwest Branch Library	700,000	56,576	4,449	61,025
Interest and fees	497,846	948,611	-	948,611
Total expenditures	144,398,979	109,084,979	6,716,812	115,801,791
Revenues over (under) expenditures	(123,683,742)	(90,374,478)	(5,343,820)	(95,718,298)
Other Financing Sources (Uses):				
Bond issuance costs	(497,846)	2,502,871	(316,867)	2,186,004
Refunding bonds	20,000,000	132,448,500	-	132,448,500
Bond premium	2,000,000	17,638,520	1,904,232	19,542,752
Installment loan issuance	103,982,347	73,144,911	15,540,546	88,685,457
Capital lease issuance	-	2,540,999	-	2,540,999
Payment to escrow agent	(21,500,000)	(141,736,447)	(2,937,035)	(144,673,482)
Transfers in	22,094,804	19,909,030	460,240	20,369,270
Transfers out	(3,742,500)	(3,436,764)	-	(3,436,764)
Appropriated fund balance	1,346,937	-	-	-
Total other financing sources (uses)	123,683,742	103,011,620	14,651,116	117,662,736
Net change in fund balance	\$ -	\$ 12,637,142	9,307,296	\$ 21,944,438
Fund Balance:				
Beginning of year - July 1			12,637,142	
End of year - June 30			\$ 21,944,438	

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, 2015

	Budget to Date	Actual		Total to Date
		Reported in Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 60,000	\$ 630,647	\$ 739	\$ 631,386
Sales tax	180,000	87,597	334,739	422,336
Lottery proceeds	2,892,139	2,959,057	-	2,959,057
Other	-	33,759	-	33,759
Total revenues	<u>3,132,139</u>	<u>3,711,060</u>	<u>335,478</u>	<u>4,046,538</u>
Expenditures:				
Orange County Schools:				
A.L. Stanback Middle School	12,000	-	-	-
Cameron Park Elementary	525,634	524,922	-	524,922
Efland Cheeks Elementary	423,449	398,952	-	398,952
Grady Brown Elementary	54,040	54,023	-	54,023
Hillsborough Elementary	362,899	267,431	-	267,431
New Hope Elementary renovations	325,000	245,600	-	245,600
Handicap Accessibility	286,300	674	64,764	65,438
Stanford Middle School	688,065	499,377	186,113	685,490
Orange High School	558,767	554,381	-	554,381
Orange High Track repairs	495,634	495,634	-	495,634
Alternative School	361,720	307,043	-	307,043
Indoor air quality	15,000	-	-	-
Central elementary air	174,900	142,263	-	142,263
Classroom improvements	3,732,421	3,230,100	-	3,230,100
Electrical systems	360,000	172,660	-	172,660
Window replacements	710,067	420,314	16,491	436,805
Kitchen renovations project	135,785	-	-	-
Mechanical systems	421,000	19,312	-	19,312
Paving / parking lot improvements	118,281	80,000	-	80,000
Electrical service upgrades	33,000	-	-	-
Planning for future projects	300,000	-	-	-
Roofing projects	2,458,000	2,003,941	372,224	2,376,165
Technology plan	3,141,265	2,349,364	191,612	2,540,976
HVAC upgrade/improvements	1,493,961	1,440,350	3,763	1,444,113
District-wide improvements	247,745	232,029	-	232,029
Bathroom renovations	180,532	88,459	-	88,459
Fire/safety upgrades	742,480	267,591	17,678	285,269
Cedar Ridge Auxiliary Gym	3,328,750	-	-	-
Total Orange County Schools	<u>21,686,695</u>	<u>13,794,420</u>	<u>852,645</u>	<u>14,647,065</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, 2015

	Budget to Date	Reported in Prior Years	Actual	
			Current Year	Total to Date
Chapel Hill-Carrboro City Schools:				
Elementary #11	23,137,196	22,944,363	150,000	23,094,363
Morris Grove Elementary	40,000	38,911	-	38,911
Transportation Center	309,500	289,540	-	289,540
Carrboro High School	75,000	75,000	-	75,000
Carrboro Arts Wing	4,048,028	4,048,027	-	4,048,027
Abatement projects	470,080	330,942	14,137	345,079
ADA requirements	265,616	154,503	8,340	162,843
ATH facilities/playgrounds	835,000	809,247	25,650	834,897
Emergency efficiency renovations	350,000	84,060	8,770	92,830
Classroom/academic improvements	1,160,711	1,007,164	153,546	1,160,710
Doors, hardware, canopies	203,000	103,291	63,727	167,018
Electrical systems	735,152	572,646	110,495	683,141
Fire, safety, and security	955,000	549,698	156,082	705,780
Indoor air quality	576,340	482,962	29,744	512,706
Mechanical systems	2,621,417	2,027,672	405,698	2,433,370
Mobile classrooms	755,696	592,943	125,581	718,524
Parking lot improvements	480,000	286,303	68,142	354,445
Planning for future projects	450,000	450,000	-	450,000
Roofing projects	5,745,879	5,320,245	4,690	5,324,935
Bathroom renovations	193,406	193,406	-	193,406
Technology	8,729,033	7,168,202	1,560,831	8,729,033
Window replacements	353,658	327,484	-	327,484
Culberth Science Wing	4,971,676	2,339,779	2,575,750	4,915,529
Total Chapel Hill Carrboro Schools	<u>57,461,388</u>	<u>50,196,388</u>	<u>5,461,183</u>	<u>55,657,571</u>
Other expenditures	<u>60,000</u>	<u>43,215</u>	<u>-</u>	<u>43,215</u>
Total expenditures	<u>79,208,083</u>	<u>64,034,023</u>	<u>6,313,828</u>	<u>70,347,851</u>
Revenues over (under) expenditures	<u>(76,075,944)</u>	<u>(60,322,963)</u>	<u>(5,978,350)</u>	<u>(66,301,313)</u>
Other Financing Sources (Uses):				
Bonds issuance	14,170,874	14,170,873	-	14,170,873
Installment loan issuance	29,800,426	37,397,964	-	37,397,964
Transfers in	32,056,899	15,843,584	4,727,236	20,570,820
Appropriated fund balance	<u>47,745</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>76,075,944</u>	<u>67,412,421</u>	<u>4,727,236</u>	<u>72,139,657</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,089,458</u>	<u>(1,251,114)</u>	<u>\$ 5,838,344</u>
Fund Balance:				
Beginning of year - July 1			<u>7,089,458</u>	
End of year - June 30			<u>\$ 5,838,344</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.

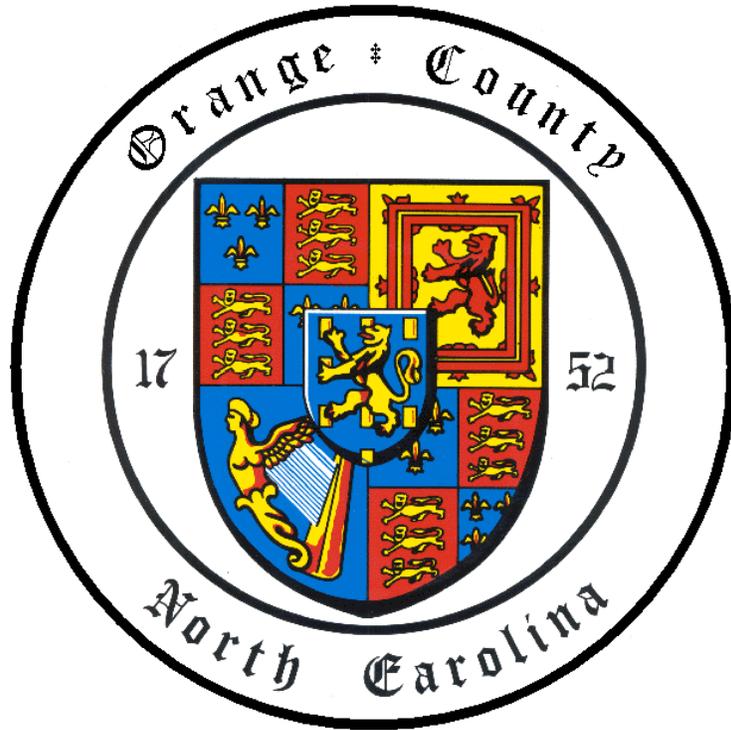
Library Development Fund -accounts for donations made by private individuals for use in the County library.

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.

Article 46 Sales Tax Fund – accounts for the revenues received from the Article 46 ¼ cents sales tax and the related project expenditures for the fund.

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



ORANGE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Nonmajor Capital Project Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and investments	\$ 145,882	\$ 11,472,380	\$ 11,618,262
Account receivable:			
Property taxes, net	-	141,636	141,636
State	-	1,022,541	1,022,541
Other	-	1,567,584	1,567,584
Total assets	<u>\$ 145,882</u>	<u>\$ 14,204,141</u>	<u>\$ 14,350,023</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 412,564</u>	<u>\$ 412,564</u>
Deferred Inflows of Resources:			
Property taxes receivable	<u>-</u>	<u>141,636</u>	<u>141,636</u>
Fund Balances:			
Nonspendable:			
Long-term portion of note receivable	-	1,000,000	1,000,000
Restricted for:			
Stabilization for State statute	-	1,590,125	1,590,125
Restricted, all other	-	4,493,650	4,493,650
Committed	145,882	788,612	934,494
Assigned	<u>-</u>	<u>5,777,554</u>	<u>5,777,554</u>
Total fund balances	<u>145,882</u>	<u>13,649,941</u>	<u>13,795,823</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 145,882</u>	<u>\$ 14,204,141</u>	<u>\$ 14,350,023</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, 2015**

	Nonmajor Capital Project Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ -	\$ 5,104,250	\$ 5,104,250
Occupancy tax	-	1,357,706	1,357,706
Article 46 sales tax	-	3,000,537	3,000,537
Intergovernmental revenues	-	5,629,939	5,629,939
Charges for services	-	676,723	676,723
Investment earnings	23	2,471	2,494
Impact fees	-	2,763,756	2,763,756
Miscellaneous	-	308,826	308,826
Total revenues	<u>23</u>	<u>18,844,208</u>	<u>18,844,231</u>
Expenditures:			
Current:			
General services	-	1,234,089	1,234,089
Community and environment	-	7,020,299	7,020,299
Human services	-	575,307	575,307
Education	-	1,700,979	1,700,979
Public safety	-	5,688,793	5,688,793
Total expenditures	<u>-</u>	<u>16,219,467</u>	<u>16,219,467</u>
Revenues over (under) expenditures	<u>23</u>	<u>2,624,741</u>	<u>2,624,764</u>
Other Financing Sources (Uses):			
Transfers in	-	511,920	511,920
Transfer out	-	(1,052,600)	(1,052,600)
Total other financing sources (uses)	<u>-</u>	<u>(540,680)</u>	<u>(540,680)</u>
Net change in fund balances	<u>23</u>	<u>2,084,061</u>	<u>2,084,084</u>
Fund Balances:			
Beginning of year - July 1	145,859	10,565,880	10,711,739
Restatement	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Beginning of year - July 1, as restated	<u>145,859</u>	<u>11,565,880</u>	<u>11,711,739</u>
End of year - June 30	<u>\$ 145,882</u>	<u>\$ 13,649,941</u>	<u>\$ 13,795,823</u>

ORANGE COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	School Capital Reserve Fund	County Capital Reserve Fund	Total Nonmajor Capital Project Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 113,388	\$ 32,494	\$ 145,882
	<u> </u>	<u> </u>	<u> </u>
Fund Balances:			
Committed:			
Education	\$ 113,388	\$ -	\$ 113,388
Governing and management	-	32,494	32,494
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	113,388	32,494	145,882
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 113,388	\$ 32,494	\$ 145,882
	<u> </u>	<u> </u>	<u> </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, 2015**

	<u>School Capital Reserve Fund</u>	<u>County Capital Reserve Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
Revenues:			
Investment earnings	\$ 17	\$ 6	\$ 23
Net change in fund balances	17	6	23
Fund Balances:			
Beginning of year - July 1	<u>113,371</u>	<u>32,488</u>	<u>145,859</u>
End of year - June 30	<u>\$ 113,388</u>	<u>\$ 32,494</u>	<u>\$ 145,882</u>

ORANGE COUNTY, NORTH CAROLINA

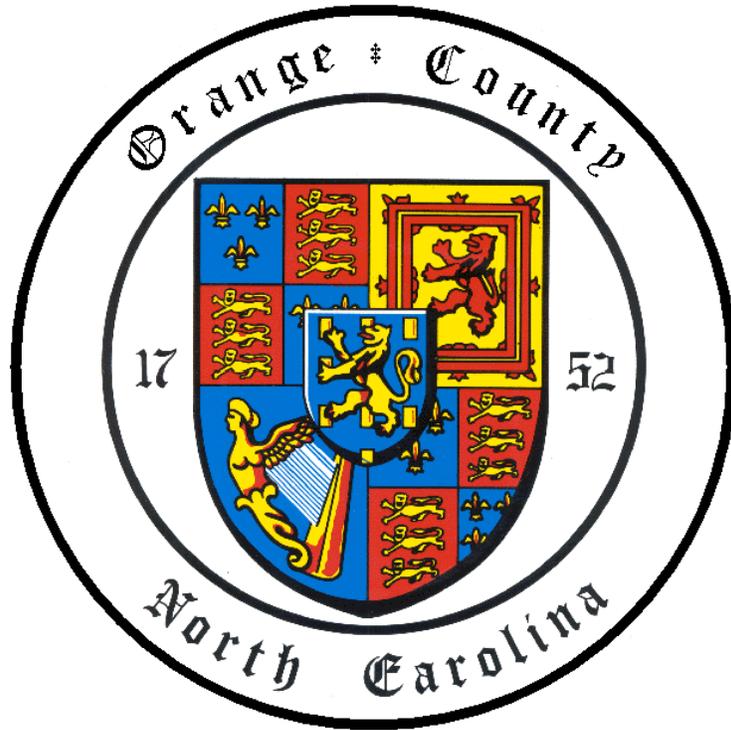
**SCHOOL CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 17	\$ 17
Net change in fund balance	<u>\$ -</u>	17	<u>\$ 17</u>
Fund Balance:			
Beginning of year - July 1		<u>113,371</u>	
End of year - June 30		<u>\$ 113,388</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 6	\$ 6
Net change in fund balance	<u>\$ -</u>	6	<u>\$ 6</u>
Fund Balance:			
Beginning of year - July 1		<u>32,488</u>	
End of year - June 30		<u>\$ 32,494</u>	



ORANGE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	<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>	<u>Visitors' Bureau</u>	<u>Local Fire Districts</u>
Assets:								
Cash and investments	\$ 4,341,861	\$ 556,535	\$ 231,912	\$ 110,578	\$ 772,589	\$ 805,461	\$ 623,889	\$ 871,810
Account receivable:								
Property taxes, net	-	-	-	-	-	-	-	141,636
State	-	-	-	-	15,477	46,861	-	32,022
Other	361,368	1,057,802	-	8,294	9,845	-	127,275	-
Total assets	<u>\$ 4,703,229</u>	<u>\$ 1,614,337</u>	<u>\$ 231,912</u>	<u>\$ 118,872</u>	<u>\$ 797,911</u>	<u>\$ 852,322</u>	<u>\$ 751,164</u>	<u>\$ 1,045,468</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 18,873	\$ 34,952	\$ 9,298	\$ 23,506	\$ 15,746	\$ 36,057	\$ -
Deferred Inflows of Resources:								
Property taxes receivable	-	-	-	-	-	-	-	141,636
Fund Balances:								
Nonspendable:								
Long-term portion of note receivable	-	1,000,000	-	-	-	-	-	-
Restricted:								
Stabilization by State statute	361,368	57,802	-	8,294	25,322	46,861	127,275	32,022
Restricted, all other	-	-	4,028	101,280	-	789,715	587,832	871,810
Committed	-	-	-	-	749,083	-	-	-
Assigned	4,341,861	537,662	192,932	-	-	-	-	-
Total fund balances	<u>4,703,229</u>	<u>1,595,464</u>	<u>196,960</u>	<u>109,574</u>	<u>774,405</u>	<u>836,576</u>	<u>715,107</u>	<u>903,832</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,703,229</u>	<u>\$ 1,614,337</u>	<u>\$ 231,912</u>	<u>\$ 118,872</u>	<u>\$ 797,911</u>	<u>\$ 852,322</u>	<u>\$ 751,164</u>	<u>\$ 1,045,468</u>

ORANGE COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	<u>Heusner</u>	<u>Library Development</u>	<u>Adoption Enhancement</u>	<u>Recreation Subdivision</u>	<u>Article 46 Sales Tax</u>	<u>Spay Neuter</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:							
Cash and investments	\$ 9,155	\$ 135,557	\$ 39,529	\$ 488,254	\$ 2,411,430	\$ 73,820	\$ 11,472,380
Account receivable:							
Property taxes, net	-	-	-	-	-	-	141,636
State	-	-	-	-	928,181	-	1,022,541
Other	-	-	-	-	-	3,000	1,567,584
Total assets	<u>\$ 9,155</u>	<u>\$ 135,557</u>	<u>\$ 39,529</u>	<u>\$ 488,254</u>	<u>\$ 3,339,611</u>	<u>\$ 76,820</u>	<u>\$ 14,204,141</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 272,445	\$ 1,687	\$ 412,564
Deferred Inflows of Resources:							
Property taxes receivable	-	-	-	-	-	-	141,636
Fund Balances:							
Nonspendable:							
Long-term portion of loans receivable	-	-	-	-	-	-	1,000,000
Restricted:							
Stabilization by State statute	-	-	-	-	928,181	3,000	1,590,125
Restricted, all other	-	-	-	-	2,138,985	-	4,493,650
Committed	-	-	39,529	-	-	-	788,612
Assigned	<u>9,155</u>	<u>135,557</u>	<u>-</u>	<u>488,254</u>	<u>-</u>	<u>72,133</u>	<u>5,777,554</u>
Total fund balances	<u>9,155</u>	<u>135,557</u>	<u>39,529</u>	<u>488,254</u>	<u>3,067,166</u>	<u>75,133</u>	<u>13,649,941</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,155</u>	<u>\$ 135,557</u>	<u>\$ 39,529</u>	<u>\$ 488,254</u>	<u>\$ 3,339,611</u>	<u>\$ 76,820</u>	<u>\$ 14,204,141</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, 2015

	Impact Fee	Community Development	Section 8 Housing	Grant Supported	Grant Projects	Emergency Telephone System	Visitors' Bureau	Local Fire Districts
Revenues:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,104,250
Occupancy tax	-	-	-	-	-	-	1,357,706	-
Article 46 sales tax	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	1,208,002	3,530,531	121,533	676,422	-	30,951	62,500
Charges for services	-	-	-	61,750	-	562,338	-	-
Investment earnings	741	-	71	-	-	160	521	213
Impact fees	2,763,756	-	-	-	-	-	-	-
Miscellaneous	-	63,353	-	36	-	-	222,430	-
Total revenues	<u>2,764,497</u>	<u>1,271,355</u>	<u>3,530,602</u>	<u>183,319</u>	<u>676,422</u>	<u>562,498</u>	<u>1,611,608</u>	<u>5,166,963</u>
Expenditures:								
Current:								
General services	-	1,234,089	-	-	-	-	-	-
Community and environment	-	-	3,808,265	200,266	-	-	1,567,623	-
Human services	-	-	-	-	546,301	-	-	-
Education	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	88,499	628,906	-	4,971,388
Total expenditures	<u>-</u>	<u>1,234,089</u>	<u>3,808,265</u>	<u>200,266</u>	<u>634,800</u>	<u>628,906</u>	<u>1,567,623</u>	<u>4,971,388</u>
Revenues over (under) expenditures	<u>2,764,497</u>	<u>37,266</u>	<u>(277,663)</u>	<u>(16,947)</u>	<u>41,622</u>	<u>(66,408)</u>	<u>43,985</u>	<u>195,575</u>
Other Financing Sources (Uses):								
Transfers in	-	227,368	192,932	39,120	52,500	-	-	-
Transfer out	<u>(1,040,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,040,000)</u>	<u>227,368</u>	<u>192,932</u>	<u>39,120</u>	<u>52,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>1,724,497</u>	<u>264,634</u>	<u>(84,731)</u>	<u>22,173</u>	<u>94,122</u>	<u>(66,408)</u>	<u>43,985</u>	<u>195,575</u>
Fund Balances:								
Beginning of year - July 1	2,978,732	330,830	281,691	87,401	680,283	902,984	671,122	708,257
Restatement	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Beginning of year - July 1, as restated	<u>2,978,732</u>	<u>1,330,830</u>	<u>281,691</u>	<u>87,401</u>	<u>680,283</u>	<u>902,984</u>	<u>671,122</u>	<u>708,257</u>
End of year - June 30	<u>\$ 4,703,229</u>	<u>\$ 1,595,464</u>	<u>\$ 196,960</u>	<u>\$ 109,574</u>	<u>\$ 774,405</u>	<u>\$ 836,576</u>	<u>\$ 715,107</u>	<u>\$ 903,832</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, 2015

	Heusner	Library Development	Adoption Enhancement	Recreation Subdivision	Article 46 Sales Tax	Spay Neuter	Total Nonmajor Special Revenue Funds
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,104,250
Occupancy tax	-	-	-	-	-	-	1,357,706
Article 46 sales tax	-	-	-	-	3,000,537	-	3,000,537
Intergovernmental revenues	-	-	-	-	-	-	5,629,939
Charges for services	-	-	25,255	-	-	27,380	676,723
Investment earnings	1	114	8	78	550	14	2,471
Impact fees	-	-	-	-	-	-	2,763,756
Miscellaneous	-	-	-	3,607	-	19,400	308,826
Total revenues	<u>1</u>	<u>114</u>	<u>25,263</u>	<u>3,685</u>	<u>3,001,087</u>	<u>46,794</u>	<u>18,844,208</u>
Expenditures:							
Current:							
General services	-	-	-	-	-	-	1,234,089
Community and environment	-	4,500	-	-	1,400,608	39,037	7,020,299
Human services	-	-	29,006	-	-	-	575,307
Education	-	-	-	-	1,700,979	-	1,700,979
Public safety	-	-	-	-	-	-	5,688,793
Total expenditures	<u>-</u>	<u>4,500</u>	<u>29,006</u>	<u>-</u>	<u>3,101,587</u>	<u>39,037</u>	<u>16,219,467</u>
Revenues over (under) expenditures	<u>1</u>	<u>(4,386)</u>	<u>(3,743)</u>	<u>3,685</u>	<u>(100,500)</u>	<u>7,757</u>	<u>2,624,741</u>
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	-	511,920
Transfer out	-	-	-	-	-	(12,600)	(1,052,600)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,600)</u>	<u>(540,680)</u>
Net change in fund balances	<u>1</u>	<u>(4,386)</u>	<u>(3,743)</u>	<u>3,685</u>	<u>(100,500)</u>	<u>(4,843)</u>	<u>2,084,061</u>
Fund Balances:							
Beginning of year - July 1	9,154	139,943	43,272	484,569	3,167,666	79,976	10,565,880
Restatement	-	-	-	-	-	-	1,000,000
Beginning of year - July 1, as restated	<u>9,154</u>	<u>139,943</u>	<u>43,272</u>	<u>484,569</u>	<u>3,167,666</u>	<u>79,976</u>	<u>11,565,880</u>
End of year - June 30	<u>\$ 9,155</u>	<u>\$ 135,557</u>	<u>\$ 39,529</u>	<u>\$ 488,254</u>	<u>\$ 3,067,166</u>	<u>\$ 75,133</u>	<u>\$ 13,649,941</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Impact Fees:			
Fees - Orange County Schools	\$ 520,000	\$ 1,421,027	\$ 901,027
Fees - Chapel Hill, Carrboro	<u>520,000</u>	<u>1,342,729</u>	<u>822,729</u>
Total impact fees	<u>1,040,000</u>	<u>2,763,756</u>	<u>1,723,756</u>
Investments Earnings:			
Orange County Schools	-	398	398
Chapel Hill-Carrboro City Schools	-	343	343
Total investment earnings	<u>-</u>	<u>741</u>	<u>741</u>
Total revenues	1,040,000	2,764,497	1,724,497
Other Financing Sources (Uses):			
Transfers out	<u>(1,040,000)</u>	<u>(1,040,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,724,497</u>	<u>\$ 1,724,497</u>
Fund Balance:			
Beginning of year - July 1		<u>2,978,732</u>	
End of year - June 30		<u>\$ 4,703,229</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, 2015**

	Budget to Date	Actual		Total to Date
		Reported in Prior Year	Current Year	
Revenues:				
HUD grants	\$ 11,266,033	\$ 10,556,428	\$ 1,160,230	\$ 11,716,658
CDBG grants:				
Scattered site	400,000	351,257	-	351,257
Economic recovery	500,000	484,000	-	484,000
HOME partnership	811,378	803,600	250	803,850
IDA	95,000	65,000	-	65,000
Hookup Grant	75,000	61,223	-	61,223
Investment earnings	1,000	8,409	-	8,409
Program income - HOME	1,946,749	1,281,763	47,522	1,329,285
Other	757,289	603,452	63,353	666,805
Total revenues	<u>15,852,449</u>	<u>14,215,132</u>	<u>1,271,355</u>	<u>15,486,487</u>
Expenditures:				
General Services:				
Administration	-	1,632,042	-	1,632,042
Administration - IDA	170,000	192,144	-	192,144
Rehabilitation	2,463,017	6,044,972	249,870	6,294,842
Rehabilitation - HOME partnership	586,227	825,963	83,746	909,709
Rehabilitation - scattered site	800,000	398,847	-	398,847
Rehabilitation - economic recovery	500,000	493,663	-	493,663
Affordable housing - impact fee reimbursement	990,653	3,438,697	-	3,438,697
Affordable housing - HOME partnership	13,558,442	4,482,032	900,473	5,382,505
Public facilities improvement - HOME partnership	803,600	197,098	-	197,098
Administration - Hookup	75,000	61,219	-	61,219
Total expenditures	<u>19,946,939</u>	<u>17,766,677</u>	<u>1,234,089</u>	<u>19,000,766</u>
Revenues over (under) expenditures	<u>(4,094,490)</u>	<u>(3,551,545)</u>	<u>37,266</u>	<u>(3,514,279)</u>
Other Financing Sources (Uses):				
Transfers in	6,150,640	4,669,466	227,368	4,896,834
Transfers out	(2,072,116)	(787,091)	-	(787,091)
Appropriated fund balance	15,966	-	-	-
Total other financing sources (uses)	<u>4,094,490</u>	<u>3,882,375</u>	<u>227,368</u>	<u>4,109,743</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 330,830</u>	<u>264,634</u>	<u>\$ 595,464</u>
Fund Balance:				
Beginning of year - July 1			330,830	
Restatement			<u>1,000,000</u>	
Beginning of year - July 1, as restated			<u>1,330,830</u>	
End of year - June 30			<u>\$ 1,595,464</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Federal grants:			
Housing vouchers	\$ 4,363,817	\$ 3,530,531	\$ (833,286)
Investment earnings	-	71	71
Miscellaneous	<u>12,780</u>	<u>-</u>	<u>(12,780)</u>
Total revenues	<u>4,376,597</u>	<u>3,530,602</u>	<u>(845,995)</u>
Expenditures:			
Community and Environment:			
Housing vouchers:			
Administration	544,668	482,773	61,895
Assistance payments	<u>4,024,861</u>	<u>3,325,492</u>	<u>699,369</u>
Total expenditures	<u>4,569,529</u>	<u>3,808,265</u>	<u>761,264</u>
Revenues over (under) expenditures	(192,932)	(277,663)	(84,731)
Other Financing Sources (Uses):			
Transfers in (out)	<u>192,932</u>	<u>192,932</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(84,731)</u>	<u>\$ (84,731)</u>
Fund Balance:			
Beginning of year - July 1		<u>281,691</u>	
End of year - June 30		<u>\$ 196,960</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Health grants	\$ 65,574	\$ 67,591	\$ 2,017
Aging	54,750	53,942	(808)
Charges for services	63,334	61,750	(1,584)
Miscellaneous revenues	-	36	36
Total revenues	<u>183,658</u>	<u>183,319</u>	<u>(339)</u>
Expenditures:			
Aging:			
Personnel services	124,612	105,297	19,315
Operating	<u>100,512</u>	<u>94,969</u>	<u>5,543</u>
Total expenditures	<u>225,124</u>	<u>200,266</u>	<u>24,858</u>
Revenues over (under) expenditures	(41,466)	(16,947)	24,519
Other Financing Sources (Uses):			
Transfer in	39,120	39,120	-
Appropriated fund balance	<u>2,346</u>	<u>-</u>	<u>(2,346)</u>
Total other financing sources (uses)	<u>41,466</u>	<u>39,120</u>	<u>(2,346)</u>
Net change in fund balance	<u>\$ -</u>	22,173	<u>\$ 22,173</u>
Fund Balance:			
Beginning of year - July 1		<u>87,401</u>	
End of year - June 30		<u>\$ 109,574</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, 2015

	Budget to Date	Reported in Prior Year	Actual	
			Current Year	Total to Date
Revenues:				
Social Services grants	\$ 1,654,326	\$ 1,350,245	\$ 175,261	\$ 1,525,506
Health grants	3,251,109	2,395,171	121,646	2,516,817
Cooperative extension	1,050,645	446,561	287,019	733,580
Aging	473,526	(363)	-	(363)
Emergency management grants	3,097,992	1,662,535	92,496	1,755,031
Sheriff	3,015,347	2,872,454	-	2,872,454
Planning	677,199	622,335	-	622,335
CDBG NC Tomorrow grant	50,000	50,000	-	50,000
Library	96,584	14,971	-	14,971
Total revenues	<u>13,366,728</u>	<u>9,413,909</u>	<u>676,422</u>	<u>10,090,331</u>
Expenditures:				
Community and Environment:				
Operating	-	50,873	-	50,873
Social Services:				
Personnel services	923,120	423,821	189,508	613,329
Operating	1,339,122	1,084,485	177,624	1,262,109
Health:				
Personnel services	2,095,094	1,706,206	85,176	1,791,382
Operating	1,401,281	684,512	93,993	778,505
Cooperative extension:				
Personnel services	143,669	162,470	-	162,470
Operating	218,302	144,803	-	144,803
Aging:				
Personnel services	239,327	-	-	-
Operating	234,199	17,806	-	17,806
EMS:				
Personnel services	-	87,782	-	87,782
Operating	3,570,683	3,397,836	85,268	3,483,104
Sheriff:				
Personnel services	2,148,067	209,729	-	209,729
Operating	1,373,859	1,034,493	785	1,035,278

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, 2015

	<u>Budget to Date</u>	<u>Reported in Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Planning:				
Personnel services	538,077	305,472	-	305,472
Operating	562,799	380,657	2,446	383,103
CDBG NC Tomorrow grant - operating	50,000	50,883	-	50,883
Library:				
Operating	15,113	15,099	-	15,099
Total expenditures	<u>14,852,712</u>	<u>9,756,927</u>	<u>634,800</u>	<u>10,391,727</u>
Revenues over (under) expenditures	<u>(1,485,984)</u>	<u>(343,018)</u>	<u>41,622</u>	<u>(301,396)</u>
Other Financing Sources (Uses):				
Transfers to General Fund	(120,048)	(24,917)	-	(24,917)
Transfers in	1,606,032	1,048,218	52,500	1,100,718
Total other financing sources (uses)	<u>1,485,984</u>	<u>1,023,301</u>	<u>52,500</u>	<u>1,075,801</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 680,283</u>	94,122	<u>\$ 774,405</u>
Fund Balance:				
Beginning of year - July 1			<u>680,283</u>	
End of year - June 30			<u>\$ 774,405</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 160	\$ 160
Subscriber fees	562,337	562,338	1
Total revenues	<u>562,337</u>	<u>562,498</u>	<u>161</u>
Expenditures:			
Personnel services	122,264	127,143	(4,879)
Operations	802,501	406,994	395,507
Capital outlay	139,306	94,769	44,537
Total expenditures	<u>1,064,071</u>	<u>628,906</u>	<u>435,165</u>
Revenues over (under) expenditures	(501,734)	(66,408)	(435,004)
Other Financing Sources (Uses):			
Appropriated fund balance	<u>501,734</u>	-	<u>(501,734)</u>
Net change in fund balance	<u>\$ -</u>	(66,408)	<u>\$ (66,408)</u>
Fund Balance:			
Beginning of year - July 1		<u>902,984</u>	
End of year - June 30		<u>\$ 836,576</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Occupancy tax	\$ 1,079,400	\$ 1,357,706	\$ 278,306
State Arts Grant	30,951	30,951	-
Investment earnings	750	521	(229)
Other	<u>200,000</u>	<u>222,430</u>	<u>22,430</u>
Total revenues	<u>1,311,101</u>	<u>1,611,608</u>	<u>300,507</u>
Expenditures:			
Community and environment			
Operations	1,103,912	1,096,466	7,446
Personnel services	480,387	452,673	27,714
Capital outlay	<u>18,802</u>	<u>18,484</u>	<u>318</u>
Total expenditures	<u>1,603,101</u>	<u>1,567,623</u>	<u>35,478</u>
Revenues over (under) expenditures	(292,000)	43,985	335,985
Other Financing Sources (Uses):			
Appropriated fund balance	<u>292,000</u>	<u>-</u>	<u>(292,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>43,985</u>	<u>\$ 43,985</u>
Fund Balance:			
Beginning of year - July 1		<u>671,122</u>	
End of year - June 30		<u>\$ 715,107</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Property taxes, current	\$ 4,811,479	\$ 5,049,421	\$ 237,942
Property taxes, delinquent	41,755	54,829	13,074
NCDOT Grant	62,500	62,500	-
Investment earnings	654	213	(441)
Total revenues	<u>4,916,388</u>	<u>5,166,963</u>	<u>250,575</u>
Expenditures:			
Public Safety:			
Remittance to fire districts	<u>4,971,388</u>	<u>4,971,388</u>	<u>-</u>
Revenues over (under) expenditures	(55,000)	195,575	250,575
Other Financing Sources (Uses):			
Appropriated fund balance	<u>55,000</u>	<u>-</u>	<u>(55,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>195,575</u>	<u>\$ 195,575</u>
Fund Balance:			
Beginning of year - July 1		<u>708,257</u>	
End of year - June 30		<u>\$ 903,832</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 1	\$ 1
Fund Balance:			
Beginning of year - July 1		<u>9,154</u>	
End of year - June 30		<u>\$ 9,155</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 114	\$ 114
Expenditures:			
Community and environment			
Operations	-	4,500	4,500
Net change in fund balance	<u>\$ -</u>	(4,386)	<u>\$ (4,386)</u>
Fund Balance:			
Beginning of year - July 1		<u>139,943</u>	
End of year - June 30		<u>\$ 135,557</u>	

ORANGE COUNTY, NORTH CAROLINA

**ADOPTION ENHANCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	Budget to Date	Reported in Prior Year	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 17,219	\$ 8	\$ 17,227
Charges for services	<u>509,726</u>	<u>503,930</u>	<u>25,255</u>	<u>529,185</u>
Total revenues	<u>509,726</u>	<u>521,149</u>	<u>25,263</u>	<u>546,412</u>
Expenditures:				
Adoption enhancement	<u>586,671</u>	<u>554,822</u>	<u>29,006</u>	<u>583,828</u>
Revenues over (under) expenditures	(76,945)	(33,673)	(3,743)	(37,416)
Other Financing Sources (Uses):				
Transfers from other funds	<u>76,945</u>	<u>76,945</u>	<u>-</u>	<u>76,945</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 43,272</u>	(3,743)	<u>\$ 39,529</u>
Fund Balance:				
Beginning of year - July 1			<u>43,272</u>	
End of year - June 30			<u>\$ 39,529</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 78	\$ 78
Subdivision payments	-	<u>3,607</u>	<u>3,607</u>
Net change in fund balance	<u>\$ -</u>	3,685	<u>\$ 3,685</u>
Fund Balance:			
Beginning of year - July 1		<u>484,569</u>	
End of year - June 30		<u>\$ 488,254</u>	

ORANGE COUNTY, NORTH CAROLINA

ARTICLE 46 SALES TAX
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 550	\$ 550
Article 46 sales tax	8,536,980	3,000,537	(5,536,443)
Total revenues	<u>8,536,980</u>	<u>3,001,087</u>	<u>(5,535,893)</u>
Expenditures:			
Community and Environment:			
Economic Development	4,268,490	1,400,608	2,867,882
Education:			
Renovation - Chapel Hill Carrboro Schools	902,566	498,555	404,011
Technology - Chapel Hill Carrboro Schools	1,712,241	712,327	999,914
Technology - Chapel Hill Orange County Schools	1,653,683	490,097	1,163,586
Total expenditures	<u>8,536,980</u>	<u>3,101,587</u>	<u>5,435,393</u>
Net change in fund balance	<u>\$ -</u>	(100,500)	<u>\$ (100,500)</u>
Fund Balance:			
Beginning of year - July 1		<u>3,167,666</u>	
End of year - June 30		<u>\$ 3,067,166</u>	

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 14	\$ 14
Animal tax	31,000	27,380	(3,620)
Donations	7,516	4,814	(2,702)
Miscellaneous revenues	<u>16,042</u>	<u>14,586</u>	<u>(1,456)</u>
Total revenues	<u>54,558</u>	<u>46,794</u>	<u>(7,764)</u>
Expenditures:			
Community and Environment:			
Operations	<u>56,058</u>	<u>39,037</u>	<u>17,021</u>
Revenues over (under) expenditures	<u>(1,500)</u>	<u>7,757</u>	<u>9,257</u>
Other Financing Sources (Uses):			
Appropriated fund balance	14,100	-	(14,100)
Transfer to General Fund	<u>(12,600)</u>	<u>(12,600)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,500</u>	<u>(12,600)</u>	<u>(14,100)</u>
Net change in fund balance	<u>\$ -</u>	<u>(4,843)</u>	<u>\$ (4,843)</u>
Fund Balance:			
Beginning of year - July 1		<u>79,976</u>	
End of year - June 30		<u>\$ 75,133</u>	

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.

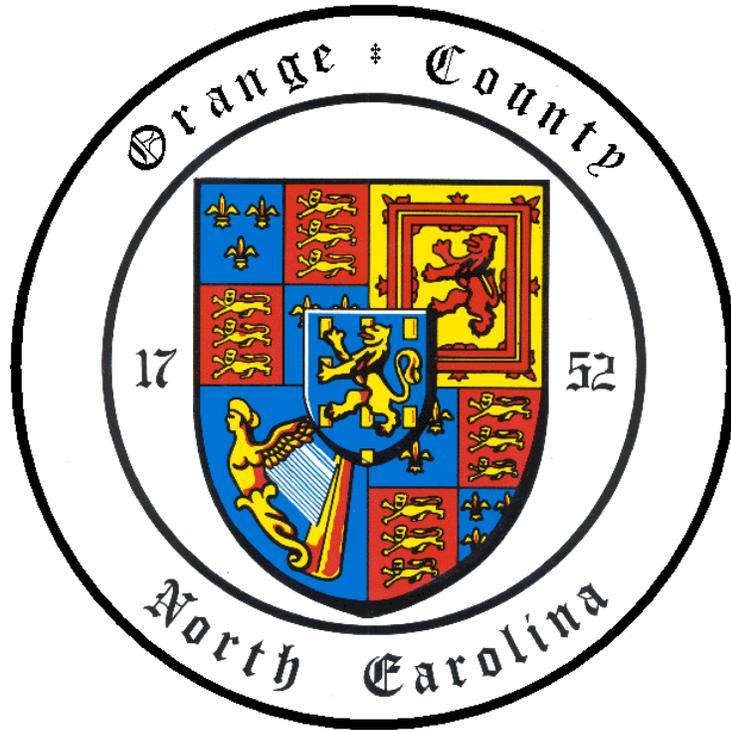
Major Enterprise Funds

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.



ORANGE COUNTY, NORTH CAROLINA

SOLID WASTE LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Landfill fees	\$ 176,840	\$ 327,448	\$ 150,608
Sanitation fees	1,269,417	1,342,686	73,269
Recycling	3,333,943	3,395,885	61,942
Mulch sales	65,000	107,600	42,600
Grants - State	488,425	1,192,897	704,472
Other	36,800	296	(36,504)
Investment earnings	25,500	2,284	(23,216)
Miscellaneous revenues	248,000	138,937	(109,063)
	<u>5,643,925</u>	<u>6,508,033</u>	<u>864,108</u>
Total revenues			
Expenditures:			
Administration	1,999,677	2,251,460	(251,783)
Landfill	2,851,495	2,347,937	503,558
Recycling	4,532,703	4,291,805	240,898
Sanitation	5,690,541	1,814,122	3,876,419
Debt service - principal	316,989	316,991	(2)
Debt service - interest	187,214	181,723	5,491
	<u>15,578,619</u>	<u>11,204,038</u>	<u>4,374,581</u>
Total expenditures			
Revenues over (under) expenditures	<u>(9,934,694)</u>	<u>(4,696,005)</u>	<u>5,238,689</u>
Other Financing Sources (Uses):			
Debt service, proceeds	1,097,012	1,034,660	(62,352)
Transfers in	4,409,449	1,856,543	(2,552,906)
Loss on sale of capital assets	(820,012)	-	820,012
Appropriated fund balance	5,248,245	-	(5,248,245)
Total other financing sources (uses)	<u>9,934,694</u>	<u>2,891,203</u>	<u>(7,043,491)</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ (1,804,802)</u>	<u>\$ (1,804,802)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (1,804,802)	
Reconciling items:			
Depreciation		(997,090)	
Pension expense		160,376	
OPEB		(234,259)	
Change in accrued interest		2,605	
Capital outlay		918,354	
Debt service - principal		316,991	
Debt service - proceeds		<u>(1,034,660)</u>	
Change in net position		<u>\$ (2,672,485)</u>	

ORANGE COUNTY, NORTH CAROLINA

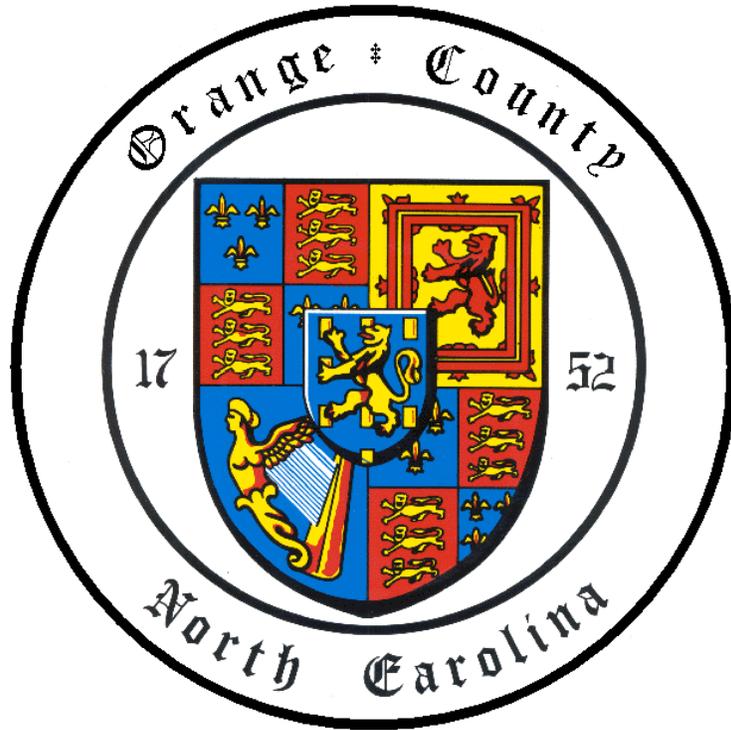
SPORTSPLEX FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Service fees	\$ 3,029,810	\$ 3,134,557	\$ (104,747)
Expenditures:			
Operations	3,326,203	2,814,307	511,896
Capital outlay	704,524	568,570	135,954
Debt service, principal	535,586	3,443,250	(2,907,664)
Debt service, interest	43,790	123,466	(79,676)
Total operating expenditures	<u>4,610,103</u>	<u>6,949,593</u>	<u>647,850</u>
Revenues over (under) expenditures	<u>(1,580,293)</u>	<u>(3,815,036)</u>	<u>(752,597)</u>
Other Financing Sources (Uses):			
Debt service, proceeds	-	3,981,478	(3,981,478)
Transfers in	376,450	376,450	-
Appropriated fund balance	<u>1,203,843</u>	<u>-</u>	<u>1,203,843</u>
Total other financing sources (uses)	<u>1,580,293</u>	<u>4,357,928</u>	<u>(2,777,635)</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>542,892</u>	<u>\$ 542,892</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
SportsPlex Operating Fund:			
Reconciling items:			
Depreciation expense		(297,946)	
Capital outlay		568,570	
Proceeds		(3,981,478)	
Debt service - Payment to escrow		2,810,100	
Debt service - Principal		633,150	
Change in accrued interest		<u>20,354</u>	
Total reconciling items		<u>(247,250)</u>	
Change in net position		<u>\$ 295,642</u>	

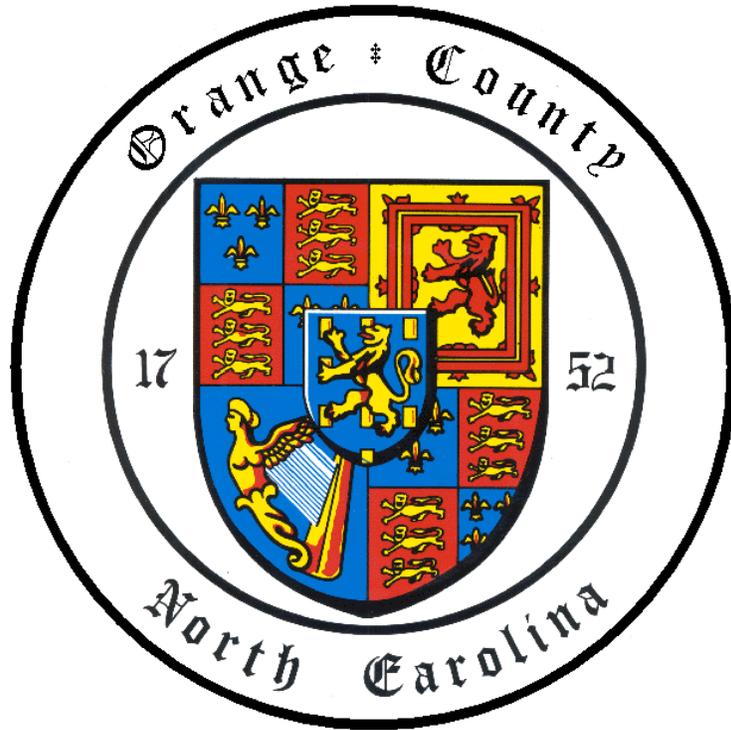
ORANGE COUNTY, NORTH CAROLINA

**EFLAND SEWER OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Actual</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Service fees	\$ 230,730	\$ 188,236	\$ (42,494)
Interest on investments	-	44	44
Total revenues	<u>230,730</u>	<u>188,280</u>	<u>(42,450)</u>
Expenditures:			
Operations	333,950	281,447	52,503
Repairs and maintenance	40,530	14,349	26,181
Total expenditures	<u>374,480</u>	<u>295,796</u>	<u>78,684</u>
Revenues over (under) expenditures	(143,750)	(107,516)	36,234
Other Financing Sources (Uses):			
Transfers in	<u>143,750</u>	<u>143,750</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>36,234</u>	<u>\$ 36,234</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Efland Sewer Operating Fund:			
Reconciling items:			
Depreciation expense		<u>(87,134)</u>	
Change in net position		<u>\$ (50,900)</u>	



Internal Service Funds



ORANGE COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Dental and Health Insurance Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Total Internal Service Funds</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,385,721	\$ -	\$ 1,385,721
Restricted cash	-	580,689	580,689
Accounts receivable:			
State	-	114,528	114,528
Other	79,329	45	79,374
Total current assets	<u>1,465,050</u>	<u>695,262</u>	<u>2,160,312</u>
Non-current assets:			
Capital assets, net of depreciation	<u>-</u>	<u>976,375</u>	<u>976,375</u>
Total non-current assets	<u>-</u>	<u>976,375</u>	<u>976,375</u>
Total assets	<u>1,465,050</u>	<u>1,671,637</u>	<u>3,136,687</u>
Liabilities and Net Position:			
Liabilities:			
Current liabilities:			
Accounts payable	-	123,234	123,234
Insurance claims incurred, but not reported	426,027	-	426,027
Accrued interest	-	8,927	8,927
Current portion of long-term debt	<u>-</u>	<u>234,917</u>	<u>234,917</u>
Total current liabilities	<u>426,027</u>	<u>367,078</u>	<u>793,105</u>
Non-current liabilities:			
Long-term debt	<u>-</u>	<u>1,737,600</u>	<u>1,737,600</u>
Total liabilities	<u>426,027</u>	<u>2,104,678</u>	<u>2,530,705</u>
Net Position:			
Net investment in capital assets	-	(415,453)	(415,453)
Unrestricted	<u>1,039,023</u>	<u>(17,588)</u>	<u>1,021,435</u>
Total net position	<u>\$ 1,039,023</u>	<u>\$ (433,041)</u>	<u>\$ 605,982</u>

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

ORANGE COUNTY, NORTH CAROLINA

**INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Dental and Health Insurance Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Total Internal Service Funds</u>
Operating Revenues:			
Other	\$ 295,300	362,964	\$ 658,264
Employee contributions	<u>9,187,839</u>	<u>-</u>	<u>9,187,839</u>
Total operating revenues	<u>9,483,139</u>	<u>362,964</u>	<u>9,846,103</u>
Operating Expenses:			
General and administrative	32,299	71,618	103,917
Depreciation	-	571,597	571,597
Claims expense	<u>9,033,236</u>	<u>-</u>	<u>9,033,236</u>
Total operating expenses	<u>9,065,535</u>	<u>643,215</u>	<u>9,708,750</u>
Operating income (loss)	<u>417,604</u>	<u>(280,251)</u>	<u>137,353</u>
Non-Operating Revenues (Expenses):			
Investment earnings	55	58	113
Interest and fees	<u>-</u>	<u>(45,242)</u>	<u>(45,242)</u>
Total non-operating revenues (expenses)	<u>55</u>	<u>(45,184)</u>	<u>(45,129)</u>
Change in net position	417,659	(325,435)	92,224
Net Position:			
Beginning of year - July 1	<u>621,364</u>	<u>(107,606)</u>	<u>513,758</u>
End of year - June 30	<u>\$ 1,039,023</u>	<u>\$ (433,041)</u>	<u>\$ 605,982</u>

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

ORANGE COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Dental and Health Insurance Fund	Vehicle Replacement Fund	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ -	\$ 251,440	\$ 251,440
Cash received from employee contributions	9,403,810	-	9,403,810
Cash paid for goods and services	(32,299)	-	(32,299)
Cash paid for claims	(9,203,179)	-	(9,203,179)
Net cash provided (used) by operating activities	<u>168,332</u>	<u>251,440</u>	<u>419,772</u>
Cash Flows from Capital and Related Financing Activities:			
Payments related to the acquisition of capital assets	-	(473,470)	(473,470)
Interest paid on long-term debt	-	(45,242)	(45,242)
Proceeds on debt issuance	-	714,850	714,850
Payments related to the payment of debt	-	(154,151)	(154,151)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>41,987</u>	<u>41,987</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>55</u>	<u>58</u>	<u>113</u>
Net increase (decrease) in cash and cash equivalents	168,387	293,485	461,872
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>1,217,334</u>	<u>287,204</u>	<u>1,504,538</u>
End of year - June 30	<u>\$ 1,385,721</u>	<u>\$ 580,689</u>	<u>\$ 1,966,410</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 417,604	\$ (280,251)	\$ 137,353
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	571,597	571,597
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(79,329)	(114,573)	(193,902)
Increase (decrease) in accounts payable and accrued liabilities	(169,943)	74,667	(95,276)
Net cash provided (used) by operating activities	<u>\$ 168,332</u>	<u>\$ 251,440</u>	<u>\$ 419,772</u>

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

ORANGE COUNTY, NORTH CAROLINA

**HEALTH AND DENTAL INSURANCE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Operating Revenues:			
Employee contributions	\$ 455,324	\$ 9,187,839	\$ 8,732,515
Other	50,000	295,300	245,300
Total operating revenues	<u>505,324</u>	<u>9,483,139</u>	<u>8,977,815</u>
Operating Expenditures:			
General and administrative	50,000	32,299	17,701
Claims expense	455,324	9,033,236	(8,577,912)
Total operating expenditures	<u>505,324</u>	<u>9,065,535</u>	<u>(8,560,211)</u>
Operating income (loss)	-	417,604	417,604
Non-Operating Revenues:			
Investment earnings	-	55	55
Change in net position	<u>\$ -</u>	417,659	<u>\$ 417,659</u>
Net Position:			
Beginning of year - July 1		<u>621,364</u>	
End of year - June 30		<u>\$ 1,039,023</u>	

ORANGE COUNTY, NORTH CAROLINA

VEHICLE REPLACEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Operating Revenues:			
Insurance claim refunds	\$ 54,546	\$ 362,964	\$ 308,418
Operating Expenditures:			
General and administrative	-	71,618	(71,618)
Capital outlay	810,934	473,470	337,464
Total operating expenditures	<u>810,934</u>	<u>545,088</u>	<u>265,846</u>
Operating income (loss)	<u>(756,388)</u>	<u>(182,124)</u>	<u>574,264</u>
Non-Operating Revenues:			
Investment earnings	-	58	58
Other Financing Sources (Uses):			
Debt proceeds	756,388	714,850	(41,538)
Debt service, principal	-	(154,151)	(154,151)
Debt service, interest	-	(36,315)	(36,315)
Total other financing sources (uses)	<u>756,388</u>	<u>524,384</u>	<u>(232,004)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	342,318	<u>\$ 342,318</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Reconciling items:			
Depreciation		(571,597)	
Proceeds		(714,850)	
Debt service		154,151	
Change in accrued interest		(8,927)	
Capital outlay		<u>473,470</u>	
Change in net position		<u>\$ (325,435)</u>	



Agency Funds

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2015

	<u>School District</u>	<u>Jail Inmate Trust</u>	<u>Cooperative Extension 4-H</u>	<u>American Stone No Fault Well Repair</u>	<u>Communication Tower Trust</u>
Assets:					
Cash and investments	\$ 152,407	\$ 91,677	\$ 77,809	\$ 160,359	\$ 6,685
Accounts receivable, property taxes	298,796	-	-	-	-
Accounts receivable, other	103,121	-	-	-	-
Total assets	<u>\$ 554,324</u>	<u>\$ 91,677</u>	<u>\$ 77,809</u>	<u>\$ 160,359</u>	<u>\$ 6,685</u>
Liabilities:					
Accounts payable and accrued liabilities	\$ 554,324	\$ 91,677	\$ 2,141	\$ 160,359	\$ 6,685
Due to cooperative extension	-	-	75,668	-	-
Total liabilities	<u>\$ 554,324</u>	<u>\$ 91,677</u>	<u>\$ 77,809</u>	<u>\$ 160,359</u>	<u>\$ 6,685</u>

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2015

	<u>DSS Trust</u>	<u>Register of Deeds Trust Fee</u>	<u>Mental Health Insurance Fund</u>	<u>Orange County Giving Fund</u>	<u>Totals</u>
Assets:					
Cash and investments	\$ 79,570	\$ 8,413	\$ 431,893	\$ 75,798	\$ 1,084,611
Accounts receivable, property taxes	-	-	-	-	298,796
Accounts receivable, other	-	-	-	-	103,121
Total assets	<u>\$ 79,570</u>	<u>\$ 8,413</u>	<u>\$ 431,893</u>	<u>\$ 75,798</u>	<u>\$ 1,486,528</u>
Liabilities:					
Accounts payable and accrued liabilities	\$ 79,570	\$ 8,413	\$ 431,893	\$ 75,798	\$ 1,410,860
Due to cooperative extension	-	-	-	-	75,668
Total liabilities	<u>\$ 79,570</u>	<u>\$ 8,413</u>	<u>\$ 431,893</u>	<u>\$ 75,798</u>	<u>\$ 1,486,528</u>

ORANGE COUNTY, NORTH CAROLINA

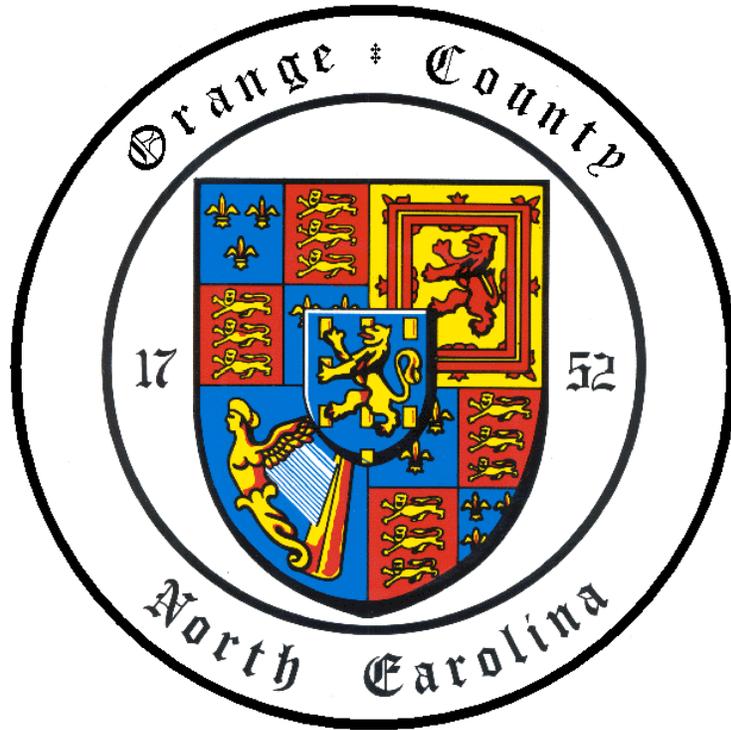
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>School District Fund</u>				
Assets:				
Cash and investments	\$ 144,522	\$ 22,423,255	\$ 22,415,370	\$ 152,407
Accounts receivable, property taxes	317,359	21,164,753	21,183,316	298,796
Accounts receivable, other	101,208	1,241,853	1,239,940	103,121
Total assets	<u>\$ 563,089</u>	<u>\$ 44,829,861</u>	<u>\$ 44,838,626</u>	<u>\$ 554,324</u>
Liabilities:				
Accounts payable	<u>\$ 563,089</u>	<u>\$ 44,829,861</u>	<u>\$ 44,838,626</u>	<u>\$ 554,324</u>
<u>Jail Inmate Fund</u>				
Assets:				
Cash and investments	<u>\$ 90,359</u>	<u>\$ 268,859</u>	<u>\$ 267,541</u>	<u>\$ 91,677</u>
Liabilities:				
Accounts payable	<u>\$ 90,359</u>	<u>\$ 268,859</u>	<u>\$ 267,541</u>	<u>\$ 91,677</u>
<u>Cooperative Extension 4-H Fund</u>				
Assets:				
Cash and investments	<u>\$ 79,555</u>	<u>\$ 47,774</u>	<u>\$ 49,520</u>	<u>\$ 77,809</u>
Liabilities:				
Accounts payable	\$ 1,340	\$ 25,800	\$ 24,999	\$ 2,141
Due to cooperative extension	78,215	21,974	24,521	75,668
Total liabilities	<u>\$ 79,555</u>	<u>\$ 47,774</u>	<u>\$ 49,520</u>	<u>\$ 77,809</u>
<u>American Stone No Fault Well Repair</u>				
Assets:				
Cash and investments	<u>\$ 145,328</u>	<u>\$ 15,031</u>	<u>\$ -</u>	<u>\$ 160,359</u>
Liabilities:				
Accounts payable	<u>\$ 145,328</u>	<u>\$ 15,031</u>	<u>\$ -</u>	<u>\$ 160,359</u>
<u>Communication Tower Trust Fund</u>				
Assets:				
Cash and investments	<u>\$ 12,415</u>	<u>\$ 16,270</u>	<u>\$ 22,000</u>	<u>\$ 6,685</u>
Liabilities:				
Accounts payable	<u>\$ 12,415</u>	<u>\$ 16,270</u>	<u>\$ 22,000</u>	<u>\$ 6,685</u>
<u>DSS Trust Fund</u>				
Assets:				
Cash and investments	<u>\$ 55,449</u>	<u>\$ 301,085</u>	<u>\$ 276,964</u>	<u>\$ 79,570</u>
Liabilities:				
Accounts payable	<u>\$ 55,449</u>	<u>\$ 301,085</u>	<u>\$ 276,964</u>	<u>\$ 79,570</u>

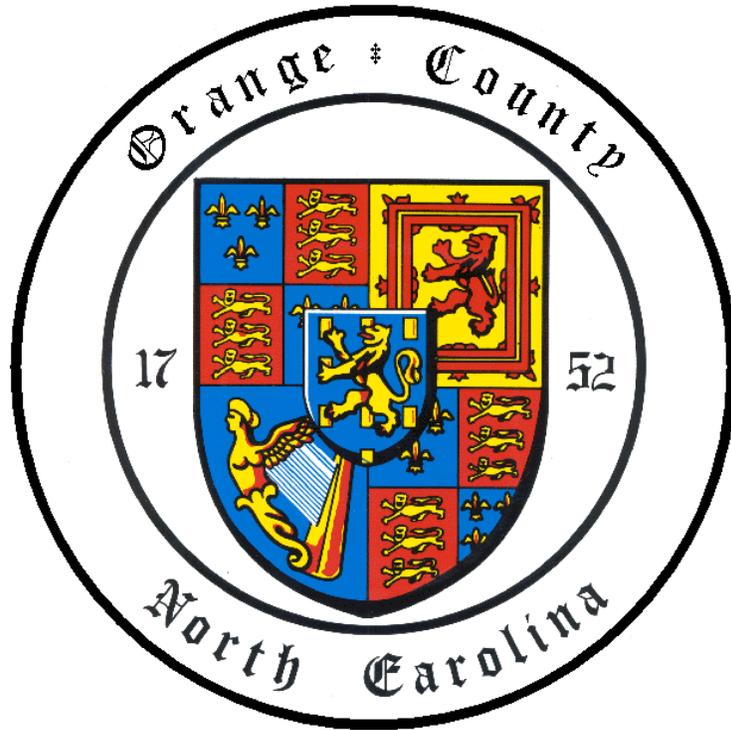
ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Register of Deeds Trust Fee</u>				
Assets:				
Cash and investments	\$ 7,452	\$ 79,937	\$ 78,976	\$ 8,413
Liabilities:				
Accounts payable	\$ 7,452	\$ 79,937	\$ 78,976	\$ 8,413
<u>Mental Health Insurance Fund</u>				
Assets:				
Cash and investments	\$ 459,883	\$ 1,047	\$ 29,037	\$ 431,893
Liabilities:				
Accounts payable	\$ 459,883	\$ 1,047	\$ 29,037	\$ 431,893
<u>Orange County Community Giving Fund</u>				
Assets:				
Cash and investments	\$ 31,089	\$ 67,701	\$ 22,992	\$ 75,798
Liabilities:				
Accounts payable	\$ 31,089	\$ 67,701	\$ 22,992	\$ 75,798
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 1,026,052	\$ 23,220,959	\$ 23,162,400	\$ 1,084,611
Accounts receivable - property taxes	317,359	21,164,753	21,183,316	298,796
Accounts receivable - other	101,208	1,241,853	1,239,940	103,121
Total assets	<u>\$ 1,444,619</u>	<u>\$ 45,627,565</u>	<u>\$ 45,585,656</u>	<u>\$ 1,486,528</u>
Liabilities:				
Accounts payable	\$ 1,366,404	\$ 45,605,591	\$ 45,561,135	\$ 1,410,860
Due to cooperative extension	78,215	21,974	24,521	75,668
Total liabilities	<u>\$ 1,444,619</u>	<u>\$ 45,627,565</u>	<u>\$ 45,585,656</u>	<u>\$ 1,486,528</u>



Supplemental Financial Data



ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 GENERAL FUND
 JUNE 30, 2015

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2014</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014-2015	\$ -	\$ 145,238,432	\$ 143,903,487	\$ 1,334,945
2013-2014	1,745,540	-	1,034,113	711,427
2012-2013	732,358	-	267,380	464,978
2011-2012	404,511	-	102,291	302,220
2010-2011	271,814	-	58,729	213,085
2009-2010	133,390	-	42,432	90,958
2008-2009	911,424	-	-	911,424
Total	<u>\$ 4,199,037</u>	<u>\$ 145,238,432</u>	<u>\$ 145,408,432</u>	4,029,037
Less: Allowance for uncollectible accounts				<u>(1,605,879)</u>
Ad valorem taxes receivable, net				<u>\$ 2,423,158</u>
Reconciliation with Revenues:				
Taxes - Ad Valorem - General Fund				\$ 145,124,244
Reconciling items:				
Interest and penalties				637,376
Miscellaneous adjustment				<u>(353,188)</u>
Total collections and credits				<u>\$ 145,408,432</u>

ORANGE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2015

	Property Valuation**	Rate Per \$100	Total Adjusted Levy*	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 16,501,338,269	\$ 0.00878	\$ 145,115,185	\$ 135,773,021	\$ 9,342,164
Motor vehicles taxed at prior year rate	604,865	0.00858	5,190	-	5,190
Late list penalties	-		109,808	109,808	-
Lien advertisement	-		8,249	8,249	-
Total	<u>\$ 16,501,943,134</u>		145,238,432	135,891,078	9,347,354
Uncollected taxes at June 30, 2015			<u>1,334,945</u>	<u>1,332,994</u>	<u>1,951</u>
Current Year's Taxes Collected			<u>\$ 143,903,487</u>	<u>\$ 134,558,084</u>	<u>\$ 9,345,403</u>
Current Levy Collection Percentage			<u>99.08%</u>	<u>99.02%</u>	<u>99.98%</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.

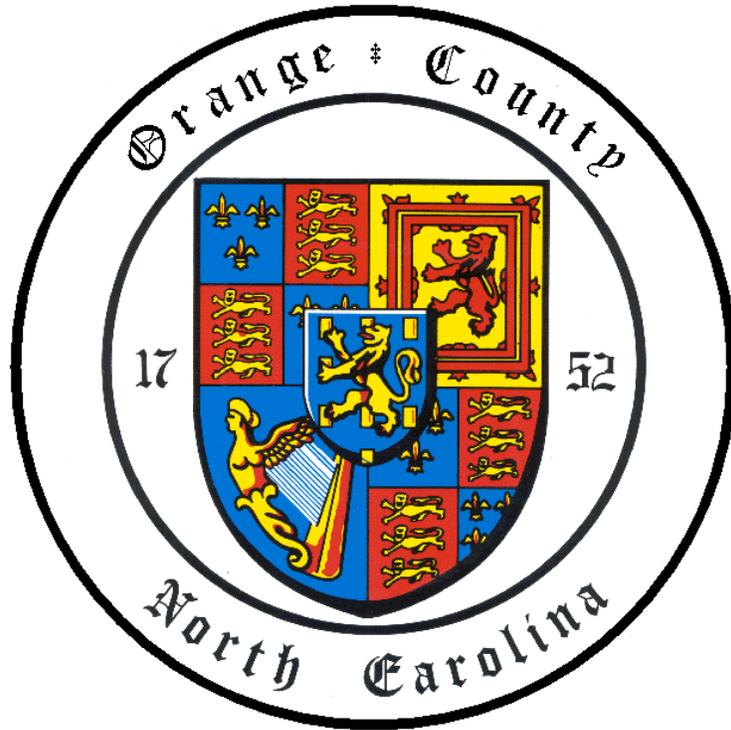
Revenue Capacity: These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

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.



ORANGE COUNTY, NORTH CAROLINA

Table 1

Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	For Year Ended June 30									
	2015	2014 (As Restated)	2013	2012	2011	2010	2009	2008	2007 (As Restated)	2006 (As Restated)
Governmental activities										
Net investment in capital assets	\$ 42,946,587	\$ 21,308,363	\$ 19,154,413	\$ 35,398,235	\$ 33,142,313	\$ 31,659,037	\$ 15,390,929	\$ 10,104,943	\$ 25,802,378	\$ 8,323,542
Restricted for:										
Capital assets	-	-	-	-	-	-	-	-	-	22,521,235
Stabilization by State statute	12,845,946	15,617,944	14,036,419	11,153,113	8,727,555	-	-	-	-	-
Restricted, all other	4,493,650	4,287,300	12,551,518	27,503,219	1,250,092	-	-	-	-	-
Unrestricted	(94,888,828)	(91,105,688)	(101,233,902)	(131,483,110)	(110,118,490)	(113,765,405)	(116,043,276)	(118,028,841)	(107,189,190)	(112,977,847)
Total governmental activities net position	\$ (34,602,645)	\$ (49,892,081)	\$ (55,491,552)	\$ (57,428,543)	\$ (66,998,530)	\$ (82,106,368)	\$ (100,652,347)	\$ (107,923,898)	\$ (81,386,812)	\$ (82,133,070)
Business-type activities										
Net investment in capital assets	\$ 7,327,120	\$ 8,478,262	\$ 7,038,493	\$ 4,404,980	\$ 6,877,907	\$ 7,762,990	\$ 7,932,387	\$ 6,705,214	\$ 3,363,225	\$ 5,334,757
Unrestricted	2,539,292	2,563,784	3,862,994	2,753,605	(4,193)	(557,826)	1,459,512	4,279,258	3,566,096	1,595,064
Total business-type activities net position	\$ 9,866,412	\$ 11,042,046	\$ 10,901,487	\$ 7,158,585	\$ 6,873,714	\$ 7,205,164	\$ 9,391,899	\$ 10,984,472	\$ 6,929,321	\$ 6,929,821
Primary government										
Net investment in capital assets	\$ 50,273,707	\$ 29,786,625	\$ 26,192,906	\$ 39,803,215	\$ 40,020,220	\$ 39,422,027	\$ 23,323,316	\$ 16,810,157	\$ 29,165,603	\$ 13,658,299
Restricted for:										
Stabilization by State statute	12,845,946	15,617,944	14,036,419	11,153,113	8,727,555	-	-	-	-	-
Capital assets	-	-	-	-	-	-	-	-	-	22,521,235
Restricted, all other	4,493,650	4,287,300	12,551,518	27,503,219	1,250,092	-	-	-	-	-
Unrestricted	(92,349,536)	(88,541,904)	(97,370,608)	(128,729,502)	(110,122,683)	(114,323,231)	(114,583,764)	(113,749,583)	(103,623,094)	(111,382,783)
Total primary government net position	\$ (24,736,233)	\$ (38,850,035)	\$ (44,589,765)	\$ (50,269,955)	\$ (60,124,816)	\$ (74,901,204)	\$ (91,260,448)	\$ (96,939,426)	\$ (74,457,491)	\$ (75,203,249)

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 \$101 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 position.

ORANGE COUNTY, NORTH CAROLINA

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	For Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental activities:										
Governing and management	\$ 19,289,101	\$ 26,361,842	\$ 22,025,337	\$ 23,497,848	\$ 23,192,706	\$ 23,366,641	\$ 10,816,693	\$ 14,898,928	\$ 10,364,753	\$ 9,013,179
General services	9,178,467	7,867,632	6,980,383	7,222,770	7,155,635	6,826,209	18,730,842	12,422,454	11,404,059	10,371,173
Community and environment	13,773,024	11,552,941	9,821,519	9,786,774	10,288,447	12,726,270	10,932,997	20,065,425	9,922,055	9,078,254
Human services	38,142,905	36,755,137	35,126,478	33,431,309	33,536,733	33,011,737	37,604,903	38,842,566	34,318,247	33,499,003
Education	84,862,221	81,732,135	91,151,052	76,639,902	74,053,776	66,641,699	74,276,350	86,812,048	85,157,632	82,853,757
Public safety	27,613,011	25,479,585	24,569,638	23,717,846	22,352,109	21,796,091	20,166,400	23,399,912	20,546,205	18,278,983
Cultural and recreational	2,486,556	2,354,533	2,162,503	2,168,615	1,802,668	1,007,304	3,751,394	3,191,198	3,245,515	2,508,464
Interest on long-term debt	4,782,894	5,567,955	7,685,735	14,479,651	8,948,063	10,495,788	9,539,848	10,501,269	8,290,604	7,526,775
Total governmental activities expenses	200,128,179	197,671,760	199,522,645	190,944,715	181,330,137	175,871,739	185,819,427	210,133,800	183,249,070	173,129,588
Business-Type activities:										
Landfill	11,037,061	11,463,642	6,892,530	10,552,420	10,436,377	11,216,161	10,036,966	8,342,749	6,560,515	6,691,328
Sewer	243,993	284,773	333,568	316,684	401,689	305,171	269,822	193,535	209,020	181,329
SportsPlex	3,215,365	3,135,791	3,020,626	2,909,120	2,977,153	2,937,975	3,145,593	2,800,482	2,721,368	1,322,837
Total business-type activities expenses	14,496,419	14,884,206	10,246,724	13,778,224	13,815,219	14,459,307	13,452,381	11,336,766	9,490,903	8,195,494
Total primary government expenses	214,624,598	212,555,966	209,769,369	204,722,939	195,145,356	190,331,046	199,271,808	221,470,566	192,739,973	181,325,082
Revenues:										
Governmental activities:										
Program revenues:										
Charges for services	15,698,925	14,100,487	13,235,408	12,766,266	12,532,375	11,926,481	11,707,014	12,233,135	13,340,016	11,926,850
Operating grants and contributions	26,224,918	26,259,362	24,611,570	23,403,397	24,934,383	25,180,675	23,255,128	23,447,199	23,514,334	21,785,974
Capital grants and contributions	1,112,971	1,656,217	2,489,408	6,075,501	5,578,325	4,270,546	5,900,817	1,648,654	3,857,083	26,673
General revenues:										
Property taxes	149,605,562	148,940,579	142,951,109	141,596,821	140,247,782	137,966,129	130,773,568	122,093,823	114,240,169	103,277,416
Other taxes	26,378,822	22,924,419	21,248,342	18,271,966	15,115,418	15,441,100	19,736,772	24,058,200	23,319,221	21,795,500
Other	25,268	29,414	107,517	756,382	102,822	(367,213)	2,222,054	2,340,763	3,724,713	4,903,090
Total governmental activities program revenues	219,046,466	213,910,478	204,643,354	202,870,333	198,511,105	194,417,718	193,595,353	185,821,774	181,995,536	163,715,503

ORANGE COUNTY, NORTH CAROLINA

**Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	For Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-type activities:										
Charges for services	8,496,708	8,708,132	11,201,138	11,278,046	10,980,033	10,724,011	10,233,917	10,624,806	9,833,042	8,094,895
Operating grants and contributions	1,192,897	274,429	466,966	419,354	414,853	434,968	401,180	198,046	215,234	195,214
Other	2,328	2,969	9,624	10,067	15,753	1,113,593	720,336	2,344,005	1,237,757	672,117
Total business-type activities program revenues	9,691,933	8,985,530	11,677,728	11,707,467	11,410,639	12,272,572	11,355,433	13,166,857	11,286,033	8,962,226
Total primary government program revenues	228,738,399	222,896,008	216,321,082	214,577,800	209,921,744	206,690,290	204,950,786	198,988,631	193,281,569	172,677,729
Increase (decrease) in net position	14,113,801	10,340,042	6,551,713	9,854,861	14,776,388	16,359,244	5,678,978	(22,481,935)	541,596	(8,647,353)
Change in net position										
Net position, July 1, previously reported	(34,249,723)	(44,589,765)	(50,269,955)	(60,124,816)	(74,901,204)	(91,260,448)	(96,939,426)	(74,457,491)	(75,203,249)	(67,659,206)
Prior period adjustment	(4,600,311)	-	(871,523)	-	-	-	-	-	204,162	1,103,310
Net position, July 1, restated	(38,850,034)	(44,589,765)	(51,141,478)	(60,124,816)	(74,901,204)	(91,260,448)	(96,939,426)	(74,457,491)	(74,999,087)	(66,555,896)
Total net position, June 30	\$ (24,736,233)	\$ (34,249,723)	\$ (44,589,765)	\$ (50,269,955)	\$ (60,124,816)	\$ (74,901,204)	\$ (91,260,448)	\$ (96,939,426)	\$ (74,457,491)	\$ (75,203,249)

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)

	2015	2014	2013	2012	2011
General Fund					
Non-spendable:					
Prepaid items	\$ -	\$ -	\$ 16,946	\$ 16,946	\$ 12,794
Inventories	20,306	29,242	23,008	17,788	115,521
Restricted for:					
Stabilization for State statute	11,255,821	12,102,492	9,736,214	8,399,062	8,189,624
Committed:					
General services	7,543,841	6,001,641	3,105,267	145,919	53,524
Assigned:					
Subsequent year expenditures	10,650,770	10,068,343	5,190,118	3,212,872	1,131,417
Restricted	-	-	-	921,525	-
Unassigned	35,548,843	33,913,229	36,608,054	35,145,394	27,782,007
Total General Fund	65,019,581	62,114,947	54,679,607	47,859,506	37,284,887
All Other Governmental Funds					
Non-spendable:					
Long-term portion of note receivable	1,000,000				
Restricted for:					
Stabilization for State Statute	1,590,125	3,515,452	4,467,734	2,754,051	537,931
Restricted, all other	32,552,729	25,026,256	17,666,822	35,075,811	19,523,469
Education	6,444,383	8,454,406	10,249,519	25,359,245	9,420,468
Governing and management	21,408,280	12,284,550	5,282,833	7,572,592	8,852,909
Public safety	2,402,687	1,539,413	1,081,573	979,080	885,111
Community and environment	2,297,379	2,747,887	1,052,897	1,164,894	364,981
Committed	934,494	804,961	887,538	1,339,876	4,827,118
Human services	788,612	659,102	741,703	723,920	563,941
Education	113,388	113,371	113,352	583,490	2,227,377
Governing and management	32,494	32,488	32,483	32,466	2,035,800
Assigned:	5,777,554	3,786,743	4,757,926	2,903,661	3,838,177
Community and environment	1,363,560	1,075,872	2,709,603	709,421	1,900,645
General services	72,133	9,154	9,154	9,150	196,618
Education	4,341,861	2,701,717	2,039,169	2,185,090	1,740,914
Unassigned	(276,297)	(2,695,073)	(3,667,415)	-	-
Total All Other Government Funds	41,578,605	30,438,339	24,112,605	42,073,399	28,726,695
Total Government Funds	\$ 106,598,186	\$ 92,553,286	\$ 78,792,212	\$ 89,932,905	\$ 66,011,582

Notes:

- (1) The statements prior to 2011 fund balances have not been restated to reflect the impact of the 2011 implementation of Governmental Accounting Standards Board State No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The years 2011 and after reflect this implementation.
- (2) Information is not available to break out unreserved fund balance designated for subsequent year's expenditures or undesignated between funds prior to 2007.

	For Year Ended June 30				
	2010	2009	2008	2007	2006
General Fund					
Reserved for:					
Inventories	\$ 143,078	\$ 181,031	\$ 113,966	\$ 113,966	\$ 114,036
Encumbrances	1,843,044	1,176,508	963,542	963,542	847,979
State statute	7,956,626	7,837,484	10,349,628	10,349,628	7,956,752
Total reserved	9,942,748	9,195,023	11,427,136	11,427,136	8,918,767
Unreserved:					
Designated:					
Subsequent year's expenditures	401,673	1,988,442	2,000,000	-	-
Undesignated	21,097,621	18,977,470	23,803,324	21,384,544	15,452,551
Total unreserved	21,499,294	20,965,912	25,803,324	21,384,544	15,452,551
Total General Fund	31,442,042	30,160,935	37,230,460	32,811,680	24,371,318
Reclassified (1)					
All Other Governmental Funds					
Reserved for:					
Encumbrances	2,910,389	3,061,726	11,896,153	1,888,242	7,635,847
State statute	596,618	866,041	688,649	1,596,372	495,693
Total reserved	3,507,007	3,927,767	12,584,802	3,484,614	8,131,540
Unreserved:					
Designated:					
Subsequent year's expenditures reported in:					
County capital improvements	10,825,474	30,024,830	6,170,186	44,841,610	-
School capital improvements	6,605,689	2,409,840	521,416	22,200,997	-
Non-major special revenue	375,417	71,289	112,741	400,258	-
Subsequent year's expenditures*	-	-	-	-	33,120,947
Undesignated (2)	-	-	-	-	2,300,707
Reported in non-major special revenue	4,799,533	5,996,514	6,704,065	5,391,683	3,936,389
Total unreserved	22,606,113	38,502,473	13,508,408	72,834,548	39,358,043
Total All Other Governmental Funds	26,113,120	42,430,240	26,093,210	76,319,162	47,489,583
Total Governmental Funds	\$ 57,555,162	\$ 72,591,175	\$ 63,323,670	\$ 109,130,842	\$ 71,860,901

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Property taxes	\$ 150,938,119	\$ 149,384,079	\$ 142,589,686	\$ 141,141,578	\$ 139,112,298	\$ 137,768,671	\$ 131,799,145	\$ 122,740,765	\$ 114,817,041	\$ 103,650,756
Occupancy tax	1,357,706	-	-	-	-	-	-	-	-	-
Sales tax	25,021,116	22,924,419	21,248,342	18,271,966	15,115,418	15,441,100	18,814,450	23,318,982	22,636,962	21,176,362
Intergovernmental revenues	27,337,889	27,212,924	26,395,066	28,588,962	29,118,062	27,776,901	29,155,945	25,095,853	27,371,417	22,346,834
Charges for services	12,620,908	10,998,366	10,317,422	10,094,081	10,312,004	10,386,667	9,639,871	9,930,526	10,560,926	9,754,878
Investment earnings	25,155	29,301	107,430	756,242	102,386	125,672	793,690	3,490,123	3,523,274	3,683,113
Licenses and permits	331,510	324,537	322,477	329,265	403,014	328,216	363,594	354,569	332,545	268,571
Impact fees	2,763,756	1,811,944	2,021,204	1,648,235	1,459,901	1,214,819	1,238,494	1,504,522	2,020,400	1,864,897
Miscellaneous	1,558,260	969,654	1,242,602	1,458,674	1,733,217	2,519,964	1,839,989	913,489	994,820	1,253,232
Total revenues	221,954,419	213,655,224	204,244,229	202,289,003	197,356,300	195,562,010	193,645,178	187,348,829	182,257,385	163,998,643
Expenditures										
Current:										
Governing and management	13,050,437	13,027,305	12,280,547	11,946,149	11,547,032	13,454,030	9,451,313	8,809,336	7,765,185	7,060,610
General services	8,823,950	7,793,954	7,041,005	6,556,064	6,716,171	9,450,070	12,911,229	10,807,804	10,597,332	9,976,728
Community and environment	13,612,192	12,915,703	11,815,147	12,308,296	11,853,619	12,314,548	10,232,393	9,904,764	9,533,076	8,964,634
Human services	37,584,165	36,235,780	34,689,069	32,661,585	33,090,063	34,048,520	35,910,264	35,132,231	33,848,886	32,512,567
Education	78,548,393	71,212,992	67,488,591	63,939,903	63,912,513	63,048,729	64,722,715	60,385,461	56,993,744	52,271,554
Public safety	26,634,573	25,678,516	23,304,121	23,063,645	22,643,182	20,810,410	20,926,310	20,285,768	19,786,208	17,549,051
Cultural and recreational	2,647,079	2,395,681	2,167,876	2,078,964	1,810,933	1,790,199	3,322,213	3,114,616	3,156,900	2,444,132
Capital outlay	13,030,640	20,928,560	31,105,574	19,779,947	18,376,147	33,204,669	38,607,718	58,704,637	38,967,226	36,887,563
Debt Service:										
Principal	19,344,248	18,803,953	16,267,209	18,718,055	18,715,710	17,180,037	17,038,179	15,258,741	14,588,007	13,236,904
Interest	8,369,842	6,680,919	8,759,668	15,280,193	9,909,939	8,634,932	9,170,485	9,462,709	8,114,118	6,758,565
Issuance costs	-	-	-	-	-	-	-	-	-	334,964
Total expenditures	221,645,519	215,673,363	214,918,807	206,332,801	198,575,309	213,936,144	222,292,819	231,866,067	203,350,682	187,997,272
Excess of revenues										
Over (Under) expenditures	308,900	(2,018,139)	(10,674,578)	(4,043,798)	(1,219,009)	(18,374,134)	(28,647,641)	(44,517,238)	(21,093,297)	(23,998,629)
Other financing sources (uses)										
Bonds issuance	1,904,232	-	1,680,206	14,195,360	-	1,762,954	-	-	-	29,185,000
Refunding issuance	15,140,000	-	13,300,000	96,693,500	-	22,455,000	-	-	-	29,365,000
Refunding issue costs	-	-	-	-	-	-	-	-	-	(1,590,000)
Payments to escrow agent - refunding	(17,972,035)	-	(13,685,000)	(104,030,089)	-	(24,021,358)	-	-	-	(27,775,000)
Installment loans issuance	16,040,546	18,549,081	2,099,099	22,031,500	11,899,439	4,136,434	38,700,000	-	59,057,000	17,685,000
Capital leases issuance	-	-	-	-	-	-	562,617	-	-	1,215,255
Transfers in	6,756,556	8,036,336	11,265,642	7,663,511	7,630,887	14,606,087	14,070,320	10,688,569	11,791,989	12,111,856
Transfers out	(9,133,299)	(10,806,204)	(13,685,581)	(10,029,142)	(9,854,897)	(15,600,987)	(14,641,700)	(12,754,594)	(12,598,789)	(12,552,723)
Total other financing sources (uses)	12,736,000	15,779,213	974,366	26,524,640	9,675,429	3,338,130	38,691,237	(2,066,025)	58,250,200	47,644,388
Net change in fund balances	\$ 13,044,900	\$ 13,761,074	\$ (9,700,212)	\$ 22,480,842	\$ 8,456,420	\$ (15,036,004)	\$ 10,043,596	\$ (46,583,263)	\$ 37,156,903	\$ 23,645,759
Debt service as a percentage of non-capital expenditures										
	12.70%	12.05%	11.87%	18.22%	15.88%	14.28%	13.38%	15.05%	13.63%	13.23%

(1) Debt service as a percentage of noncapital expenditures reflects principal and interest only divided by the sum of total expenditures less capital expenditures in all functional categories but only to the extent capitalized as an asset by the County.

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
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%
2012	14,509,087,828	1,217,661,746	234,219,001	61,832,450	15,899,136,125	0.858	18,726,408,865	84.90%
2013	14,630,730,056	1,274,117,983	235,565,073	64,439,641	16,075,973,471	0.858	18,896,681,052	85.07%
2014	14,734,501,833	1,724,462,428	239,923,242	66,527,135	16,632,360,368	0.858	19,398,362,762	85.57%
2015	14,863,350,430 *	1,461,891,252	244,191,811	67,500,359	16,501,943,134	0.878	19,323,118,424	85.40%

Source: Annual County Report of Valuation and Property Tax Levies

* Assessed value of personal property includes an additional three months valuation

ORANGE COUNTY, NORTH CAROLINA

Table 6

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

	For Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
County Direct Rates										
Orange County (1)	\$ 0.0878	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.9980	\$ 0.9500	\$ 0.9030	\$ 0.8430
Total general direct rate	0.0878	0.0858	0.0858							
Fire Districts (2)	0.0599	0.0663	0.0593							
Total direct rate	<u>\$ 0.1477</u>	<u>\$ 0.1521</u>	<u>\$ 0.1451</u>							
Fire districts:										
Cedar Grove				0.07360	0.07360	0.07360	0.07300	0.07300	0.07300	0.0730
Chapel Hill				0.07500	0.07500	0.07500	0.04900	0.01900	0.01900	0.0190
Damascus				0.05000	0.05000	0.06000	0.06000	0.05000	0.04000	0.0260
Efland				0.04660	0.04660	0.04600	0.05225	0.04225	0.04225	0.0348
Eno				0.05990	0.05990	0.05990	0.05700	0.05700	0.05700	0.0570
Little River				0.04060	0.04060	0.04060	0.04600	0.04600	0.04600	0.0460
New Hope				0.08950	0.06950	0.06950	0.06750	0.06750	0.06750	0.0625
Orange Grove				0.04080	0.03580	0.05800	0.04200	0.03900	0.03900	0.0340
Orange Rural				0.05610	0.06360	0.06360	0.06300	0.05600	0.05600	0.0560
South Orange				0.07850	0.07850	0.07850	0.09500	0.04000	0.04000	0.0920
Southern Triangle				0.05000	0.05000	0.05000	0.06000	0.05000	0.04000	0.0260
White Cross				0.07000	0.06000	0.06000	0.06000	0.05000	0.04200	0.0420
Chapel Hill-Carrboro School District	0.20840	0.20840	0.18840	0.18840	0.18840	0.18840	0.23000	0.20350	0.18850	0.1834
Municipality rates:										
Chapel Hill	0.5240	0.5140	0.4940	0.4940	0.4940	0.4940	0.5810	0.5220	0.5220	0.5220
Carrboro	0.5894	0.5894	0.5894	0.5894	0.5894	0.5894	0.6863	0.6537	0.6244	0.6244
Hillsborough	0.6800	0.6800	0.6800	0.6200	0.6200	0.6200	0.6700	0.6350	0.6200	0.5660
Mebane	0.4900	0.4700	0.4700	0.4700	0.4700	0.4700	0.4700	0.5000	0.5000	0.5000

Source: Orange County Tax Assessor Office

(1) All County and Municipal tax rates are the direct property tax rate.

(2) Most property in the unincorporated areas is subject to one of twelve fire district taxes. The fire districts' direct rate shown above is a weighted average rate; which is computed using the assessed property values.

ORANGE COUNTY, NORTH CAROLINA

Table 7

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

Taxpayer	Type of Business	2015			2006		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Public utility	\$ 110,846,022	1	0.67%	\$ 80,340,341	1	0.67%
Piedmont Electric Membership	Public utility	55,630,473	2	0.33%	40,641,781	5	0.34%
Nothwestern Mutual Life Insurance Co	Apartment rental	38,627,273	3	0.23%			
Corium LLC	Office rental	36,433,531	4	0.22%	32,408,983	8	0.27%
East 54	Office/Retail	35,239,900	5	0.21%			
Madison University Mall LLC	Retail	35,174,472	6	0.21%			
ACC GF III Chapel Ridge/Chapel View LLC	Condos	34,214,712	7	0.21%			
Europea Center LLC	Hotel	27,816,248	8	0.17%	24,868,917	9	0.21%
Granville Towers LLC	Apartments rental	27,414,585	9	0.16%			
SMA Greenbridge Owner LLC	Residenrial Condos	27,371,000	10	0.16%			
VAC Limited Partnership	Apartments rental				62,458,685	2	0.52%
US CT LLC	Proper Owners Trust				49,985,519	3	0.42%
Blue Cross and Blue Shield of N.C.	Health Insurance				45,196,539	4	0.38%
University Mall	Rental				35,492,447	6	0.30%
Bell South Telephone and Telegraph Co.	Public Utility				34,864,985	7	0.29%
Exchange at Meaddowmont	Office complex				21,027,895	10	0.18%
Total		<u>\$ 428,768,216</u>		<u>2.57%</u>	<u>\$ 427,286,092</u>		<u>3.58%</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
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%	1,606,528	134,770,153	99.74%	3,550,073	2.63%
2011	2012	136,779,611	134,715,752	98.49%	1,157,337	135,873,089	99.34%	3,904,558	2.85%
2012	2013	137,962,627	135,750,916	98.40%	1,636,473	137,235,475	99.47%	4,479,776	3.25%
2013	2014	142,778,607	141,033,067	98.78%	2,026,279	143,059,346 **	97.34%	4,199,037	2.94%
2014	2015	145,238,432	143,903,487	99.08%	1,504,945	145,408,432 **	97.30%	4,029,037	2.77%

*Tax levy includes special districts

** This percent was calculated using the prior years levy receivable and the current year levy. Prior to 2013 the current year levy was the only levy used to calculate.

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		Installment Loans	Capital Leases	State Revolving Loans	Bond Premium Refunding	General		Installment Loans	Capital Leases			
	Obligation Bonds	Revenue Bonds					Obligation Bonds	Revenue Bonds					
2006	\$ 148,175,000	\$ -	\$ 37,878,032	\$ 2,765,956	\$ -	\$ (1,073,758)	\$ -	\$ -	\$ 6,570,860	\$ 1,233,830	\$ 195,549,920	1,527	2.37%
2007	139,215,000	-	92,219,561	1,849,471	-	(530,792)	-	-	6,013,542	1,676,173	240,442,955	1,927	4.76%
2008	130,290,000	-	86,838,352	903,355	-	(540,103)	-	-	5,419,895	1,147,582	224,059,081	1,763	3.82%
2009	121,415,000	-	113,038,877	2,382,346	-	(549,389)	-	-	8,634,353	1,442,894	246,364,081	1,881	2.22%
2010	112,520,000	-	109,163,100	2,049,520	-	1,160,617	-	-	8,147,895	1,004,725	234,045,857	1,759	2.56%
2011	103,490,000	-	109,732,854	3,200,000	-	1,490,486	-	-	7,661,455	1,024,821	226,599,616	1,682	3.54%
2012	95,520,000	-	114,393,535	2,486,176	-	15,685,846	-	-	10,175,318	606,855	238,867,730	1,611	3.38%
2013	86,205,000	-	105,697,170	1,746,233	2,099,099	16,583,769	-	-	9,429,225	325,128	222,085,624	1,485	2.88%
2014	77,150,000	-	120,189,844	-	1,663,703	15,318,561	-	-	8,724,908	-	223,047,016	1,487	3.43%
2015	68,355,000	-	122,631,057	-	2,679,597	14,118,757	-	-	9,980,805	-	217,765,216	1,438	*

*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 2014 personal income not available to calculate fiscal year 2015

ORANGE COUNTY, NORTH CAROLINA

Table 10

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Total	Percentage of Personal Income (1)	Percentage of Actual Taxable	
	General Obligation Bonds	Revenue Bonds	State Revolving loan	Bond Premium Refunding				Value of Property (2)	Per Capita (1)
2006	\$ 148,175,000.00	-	-	\$ (1,073,758.00)	\$	147,101,242	3.15%	1.24%	1,188
2007	130,255,000	-	-	(530,792)		129,724,208	2.57%	1.05%	1,037
2008	130,290,000	-	-	(540,103)		129,749,897	2.39%	1.03%	1,019
2009	121,415,000	-	-	(549,389)		120,865,611	2.27%	0.94%	926
2010	112,520,000	-	-	1,160,617		113,680,617	1.83%	0.73%	858
2011	103,490,000	-	-	1,490,486		104,980,486	1.67%	0.66%	784
2012	95,520,000	-	-	15,685,846		111,205,846	1.68%	0.69%	803
2013	86,205,000	-	-	16,583,769		102,788,769	1.44%	0.63%	743
2014	77,150,000	-	-	15,318,561		92,468,561	0.89%	0.55%	662
2015	68,355,000	-	-	14,118,757		82,473,757	*	0.49%	582

*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 2014 personal income not available to calculate fiscal year 2015.
- (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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Assessed value of property	\$ 16,501,943,134	\$ 16,632,360,368	\$ 16,075,973,471	\$ 15,899,136	\$ 15,689,990	\$ 15,538,736	\$ 12,820,238	\$ 12,581,220	\$ 12,330,315	\$ 11,597,244
Debt limit, 8% of assessed value (statutory limitation)	1,320,155	1,330,589	1,286,078	1,271,931	1,255,199	1,243,099	1,025,619	1,006,498	986,425	927,780
Amount of debt applicable to limit:										
Gross debt	204,646	214,322	205,502	223,182	225,109	232,885	224,599	224,599	240,974	196,624
Less:										
Amount available for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Debt outstanding for water and sewer purposes	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	204,646	214,322	205,502	223,182	225,109	232,885	224,599	224,599	240,974	196,624
Legal debt margin	\$ 1,115,509	\$ 1,116,267	\$ 1,080,576	\$ 1,048,749	\$ 1,030,090	\$ 1,010,214	\$ 801,020	\$ 781,899	\$ 745,451	\$ 731,156
Total net debt applicable to limit as a percentage of debt limit	15.07%	16.10%	15.97%	17.55%	17.93%	18.73%	21.90%	22.31%	24.47%	21.19%

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, 2015**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>(2) Percentage Municipality in County</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Municipalities:			
Town of Carrboro	\$ 6,158,373	100%	\$ 6,158,373
Town of Chapel Hill	50,407,000	100%	50,407,000
Town of Hillsborough	28,004,842	100%	28,004,842
City of Durham	368,850,000	3%	11,065,500
Town of Mebane	6,513,610	30%	1,954,083
Overlapping debt	<u>459,933,825</u>		<u>97,589,798</u>
Direct debt	198,994,345		198,994,345
Total direct and overlapping debt:	<u>\$ 658,928,170</u>		<u>\$ 296,584,143</u>

Source: (1) The Total Outstanding Debt (provided by the Finance Officers of above listed municipalities) is multiplied by the percentage of municipalities residents in the County.

Source: (2) The percentage of overlapping is computed by dividing the population of Orange County residents in the municipality by the municipality total population.

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 Permits Performed (5)
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	6,268,886	47,925	33.10	19,026	6.5%	1,962
2012	138,550	6,608,945	46,713	33.00	19,462	6.5%	1,640
2013	138,330	7,131,776	48,683	33.49	19,553	6.2%	1,769
2014	139,694	7,345,876	51,702	33.49	19,651	5.7%	1,791
2015	141,596 *		52,339	34.57	19,759	4.8%	1,852

*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 building permits issued Orange County Inspections Department.
Includes inspections by municipalities.

ORANGE COUNTY, NORTH CAROLINA

Table 14

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
UNC-Chapel Hill	17,819	1	25.61%	10,935	1	18.66%
UNC Hospitals	10,262	2	14.75%	5,827	2	9.95%
Chapel Hill-Carrboro City Schools	2,043	3	2.94%	1,780	3	3.04%
Orange County Schools	1,270	4	1.83%	961	5	1.64%
Orange County Government	894	5	1.28%	830	6	1.42%
Town of Chapel Hill	714	6	1.03%	659	7	1.12%
Blue Cross Blue Shield of NC	698	7	1.00%	1,004	4	1.72%
General Electric	620	8	0.89%			
Sports Endeavors Inc.	439	9	0.63%			
Aramark Services	404	10	0.58%			
General Electric				500	8	0.85%
Eurosports				500	9	0.85%
Harris Teeter				479	10	0.82%

Source: Orange County Economic Development Commission, Employment Security Commission

* UNC-Chapel has 11,920 full-time employees plus full time equivalents of 5,899

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Government and management	101.75	96.15	91.95	94.40	91.55	109.80	74.20	58.00	60.00	60.00
General services	86.03	78.50	61.1	62.9	60.15	84.80	123.40	101.00	113.60	114.20
Community and environment	95.20	89.40	92.5	84.7	90.90	87.60	55.55	55.00	53.00	48.50
Human services	297.86	312.48	293.43	308.1	304.50	325.40	318.60	287.00	299.10	294.30
Public safety	265.28	262.90	263.68	246.8	241.20	227.20	223.40	214.80	206.00	202.50
Cultural and recreational	29.53	33.00	35.15	28.43	29.83	24.03	49.25	31.60	32.60	31.10
Solid Waste Enterprise	62.28	60.25	58.2	57.25	53.10	51.40	44.40	55.00	40.00	43.00
Total	937.93	932.68	896.01	882.58	871.23	910.23	888.80	802.40	804.30	793.60

Source: County Finance and Administrative Services 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 Ten Fiscal Years
(Unaudited)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governing and Management:										
Number of animals sheltered	4,319	4,610	4,470	4,504	4,037	3,750	3,419	3,495	3,258	3,246
Number of rabies investigations	227	186	210	149	243	140	108	101	186	232
Employment applications received	2,815	4,500	2,015	3,650	1,979	3,000	3,347	9,256	7,980	6,703
General Services:										
Incoming Calls to Technology Help Desk	1,609	2,447	3,733	4,447	4,561	6,409	7,879	9,086	11,020	11,825
Real Estate documents processed	24,951	27,206	28,744	22,975	23,875	23,804	22,901	25,904	19,672	19,214
Vital records recorded and issued	16,649	12,150	15,223	18,081	18,454	18,321	18,188	18,308	17,988	18,909
Community and Environment:										
Building permits issued	953	914	891	824	667	658	661	635	666	815
Building, plumbing, mechanical, and electrical inspections completed	18,726	18,222	17,000	13,545	12,125	15,400	13,092	10,648	10,688	14,900
Human Services:										
Households receiving food stamps	2,987	2,978	3,230	3,430	3,785	5,403	6,234	6,504	6,634	N/A
Individuals receiving food stamps										11,793
Number of Medicaid cases	5,785	6,019	6,424	6,820	6,952	7,089	9,532	10,028	13,575	12,960
Number of families receiving daycare subsidy	317	280	330	600	655	560	715	741	700	685
Total number of dental patient visits	4,010	3,722	3,495	4,165	3,945	2,277	3,605	4,747	5,279	6,131
Family planning clients served	1,191	1,156	1,150	1,045	1,189	1,431	1,004	1,104	1,317	1,812
Public Safety:										
Requests for EMS service	9,486	10,988	11,463	10,945	10,988	11,655	13,287	13,132	12,554	13,810
Number of fire inspections	190	235	270	87	90	300	279	272	379	400
Average number of non-federal inmates per month	150	162	170	175	175	170	180	180	170	173
Culture and Recreation:										
Library materials circulated at Orange County Library	167,000	178,911	180,000	209,023	271,066	337,010	405,282	444,261	422,265	442,367
Number of reference volumes at Orange County Library	2,411	2,475	2,493	2,300	3,766	2,555	2,600	3,161	2,697	2,240
Education:										
Average daily membership (NCDPI Planning #'s)	17,635	17,968	18,297	18,696	18,747	19,026	18,990	19,549	19,757	20,051
County current expense appropriation per pupil (\$)	2,796	2,957	3,069	3,200	3,096	3,096	3,102	3,167	3,269	3,571

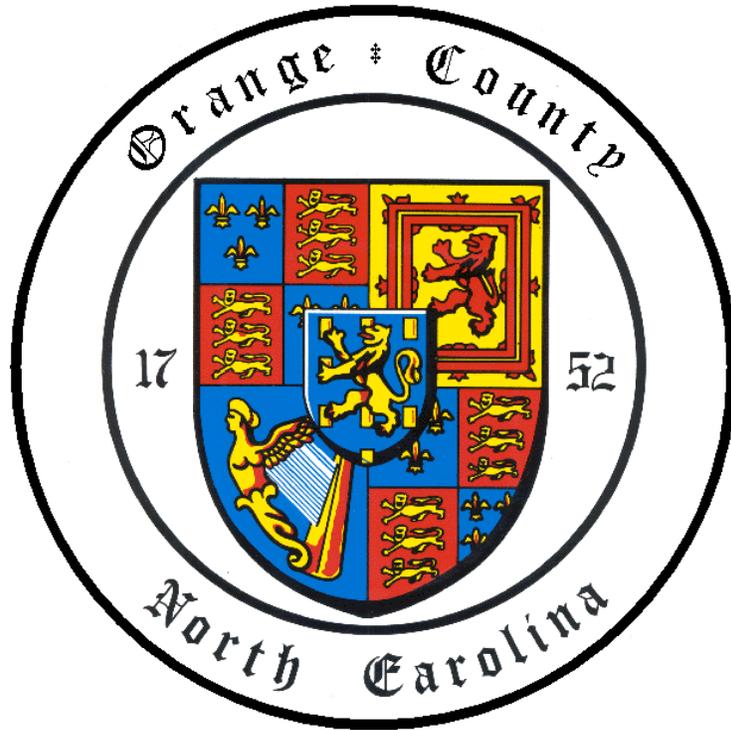
Source: Orange County Finance and Administrative Services Department

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

Function/Program	For Year Ended June 30							
	2008	2009	2010	2011	2012	2013	2014	2015
Human Services:								
Public health occupied square footage	18,400	18,400	18,400	18,400	33,638	33,638	30,027	31,433
Social services occupied square footage	24,584	24,584	27,595	60,181	59,825	59,825	55,430	55,437
Cooperative extension occupied square footage	4,986	4,986	4,986	4,986	4,986	4,986	4,968	5,198
Number of centers	12	13	13	13	13	13	13	14
Public Safety:								
Number of law enforcement vehicles	118	111	125	129	137	141	153	146
Number of emergency services vehicles	42	38	38	33	28	31	32	34
Number of animal control vehicles	8	8	8	8	6	6	6	6
Detention capacity	129	129	129	129	129	129	129	129
Cultural and Recreational:								
Libraries - branches	4	4	5	3	3	3	3	3
Volume of library books	253,484	278,488	271,066	195,282	113,978	100,843	103,259	111,421
Education:								
Number of schools	29	29	29	29	29	29	30	30

Source: Orange County Finance and Administrative Services Department

Compliance Section



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

Independent Auditor's Report

To the Board of Commissioners
Orange County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 10, 2015. The financial statements of the Orange County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Orange County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002, that we consider to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orange County's financial statements are free from 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*.

Orange County's Responses to Findings

Orange County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses are not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, NC

December 10, 2015

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

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

Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; In Accordance with OMB Circular A-133; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Orange County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Orange County's compliance with the types of compliance requirements described in the *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, 2015. Orange County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Orange County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A 133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Orange County's compliance.

Opinion on Each Major Federal Program

In our opinion, Orange County complied, in all material respects, with the types of 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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-003. Our opinion on each major federal program is not modified with respect to this matter.

Orange County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Orange County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

The management of Orange County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Orange County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County'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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiency in internal control over compliance that we consider to be material weakness. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2015-003, that we consider to be a significant deficiency.

Orange County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Orange County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

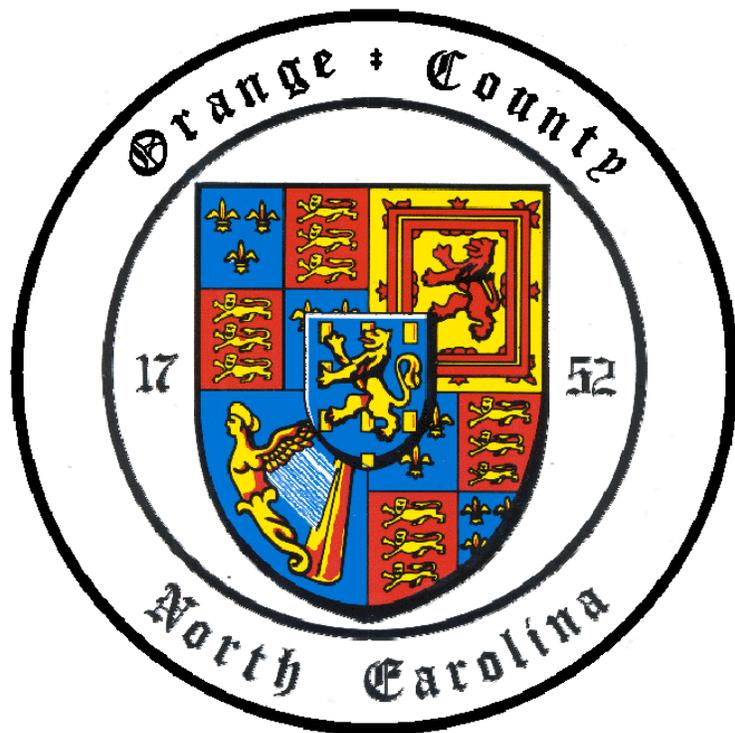
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, NC

December 10, 2015



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

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

Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance with OMB Circular A-133; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Orange County, North Carolina

Report on Compliance for Each Major State Program

We have audited Orange County's compliance with the types of compliance requirements described in 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, 2015. Orange County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Orange County's major State programs based on our audit of the types of compliance requirements referred to above. 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 States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 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 on compliance for each major State program. However, our audit does not provide a legal determination of Orange County's compliance.

Opinion on Each Major State Program

In our opinion, Orange County complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management of Orange County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Orange County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, NC

December 10, 2015

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

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

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778, 93.775, 93.777
Childcare Development Fund Cluster	93.575, 93.596
Housing Voucher Cluster	14.871, 14.879, 14.880

Dollar threshold used to distinguish between Type A and Type B Programs: \$2,726,358

Auditee qualified as low-risk auditee? Yes X No

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

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

Finding 2015-001: Material Adjusting Journal Entries

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicated that the County's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

Context: The County did not accurately record their debt refunding entries.

Effect: Financial reports used for budget monitoring throughout the year do not properly reflect the account balances.

Recommendation: Management should examine the adjustments required as a result of our audit and assess the cost/benefit of improving the internal control system to prevent the adjustments in the future, given the County's available resources.

Name of Contact Person: Gary Donaldson, Chief Finance Officer

Corrective Action: Management will examine controls in place to see if they can be strengthened and given available resources. In the areas where the cost/benefit does not justify improving the control system, management will exercise due caution in performing its oversight function.

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

2. Findings Related to the Audit of the Basic Financial Statements (Continued)

Finding 2015-002: Prior Period Adjustment

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: A prior period adjustment is required to correct material errors that occurred in periods prior to the current fiscal year under audit. The necessity of a prior period adjustment indicates that the County's system of controls did not detect and prevent a material error in financial reporting.

Context: The County discovered an error in how the OPEB liability was reported.

Effect: The County was understating their OPEB liability.

Cause: Contributions were not being made to an irrevocable trust and should not have been used to reduce the liability.

Recommendation: Care should be taken to ensure that the total contributions are reported correctly.

Name of Contact Person: Gary Donaldson, Chief Finance Officer

Views of Responsible Officials and Planned Corrective Actions: Management is aware of the error that occurred and will implement controls to catch any amounts that should not be considered contributions.

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Finding 2015-003: Housing Voucher Cluster CFDA# 14.871

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting and compliance with grant reporting requirements.

Condition: The County has not submitted the GAAP-based audited financial information as required by the Uniform Financial Reporting Standards (24 CFR section 5.801) by the required March 31st deadline. The failure to submit on a timely basis is a violation of reporting requirements as stated in the Housing Voucher Cluster compliance supplement.

Context: The County did not adhere to the reporting requirements of HUD.

Effect: Failure to file the HUD required audited financial information is a violation of reporting requirements as stated by the Uniform Financial Reporting Standards.

Cause: Inadequate monitoring of the required reporting requirements based on the terms of the County's grant terms with HUD.

Recommendation: The County should submit the unaudited and audited HUD required annual financial information by the March 31 deadline.

Contact Person: Gary Donaldson, Chief Finance Officer

<u>Federal Grantor</u>	<u>Program Name</u>	<u>CFDA #</u>
U.S. Housing and Urban Development	Housing Voucher Cluster - Section 8 Housing Choice Vouchers	14.871, 14.879, 14.880

Views of Responsible Officials and Planned Corrective Actions: Management concurs with finding and will ensure that the HUD required annual financial information is filed before the March 31st annual deadline. In the past, the filing of this report was the responsibility of the Department of Housing, Human Rights, and Community Development Department. Due to the finding, all future filings will be completed by the Department of Finance and Administrative Services to ensure compliance. The above finding has been corrected by the Department of Finance and Administrative Services staff.

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, 2015

Finding 2014-001:

Repeated as Finding 2015-003

ORANGE COUNTY, NORTH CAROLINA
 Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2015

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
Federal Awards:				
<u>U. S. Department of Agriculture:</u>				
<u>Direct Program:</u>				
Soil And Water Conservation	10.902	\$ 58,035	\$ -	\$ -
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	1,135,284	-	-
<u>Division of Social Services:</u>				
<u>Supplemental Nutrition Assistance Program Cluster:</u>				
SNAP Administration	10.561	1,146,403	-	1,146,403
SNAP Fraud Admin	10.561	4,167	-	4,167
SNAP E&T & Depend Care	10.561	126,899	-	-
<u>Total Supplemental Nutrition Assistance Program Cluster</u>		<u>1,277,469</u>	<u>-</u>	<u>1,150,570</u>
Total U. S. Department of Agriculture		<u>2,470,788</u>	<u>-</u>	<u>1,150,570</u>
<u>U. S. Department of Housing and Urban Development:</u>				
<u>Direct Programs:</u>				
Lower Income Housing Assistance:				
Home Investment Partnership Program	14.239	770,399	-	228,017
Fair Housing Assistance Program - State & Local	14.401	57,817	-	-
<u>Indian CDBG Program:</u>				
Indian CDBG Program	14.862	155,614	-	80,060
<u>Total Indian CDBG Program Cluster</u>		<u>983,830</u>	<u>-</u>	<u>308,077</u>
<u>Housing Voucher Cluster:</u>				
Section 8 Housing Choice Vouchers	14.871	3,808,193	-	71
<u>Total Housing Voucher Cluster</u>		<u>3,808,193</u>	<u>-</u>	<u>71</u>
Total U. S. Department of Housing and Urban Development		<u>4,792,023</u>	<u>-</u>	<u>308,148</u>
<u>U. S. Department of Justice - Office of Justice Programs:</u>				
Passed-through N.C. Department of Justice:				
<u>Edward Byrne Memorial Justice Assistance Grant:</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	785	-	-
<u>Total Justice Assistance Grant Cluster</u>		<u>785</u>	<u>-</u>	<u>-</u>
Total U. S. Department of Justice		<u>785</u>	<u>-</u>	<u>-</u>
<u>U. S. Department of Transportation:</u>				
Federal Transit Administration				
Formula Grants for Rural Areas	20.509	205,333	77,000	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	46,114	5,764	-
Total U. S. Department of Transportation		<u>251,447</u>	<u>82,764</u>	<u>-</u>
<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, Title III, Part E	93.052	54,724	5,068	-
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	5,395	327	-

ORANGE COUNTY, NORTH CAROLINA
 Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2015

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
<u>Aging Cluster:</u>				
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	156,250	9,191	-
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	91,307	5,371	-
<u>Total Aging Cluster</u>		<u>247,557</u>	<u>14,562</u>	<u>-</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	152,023	-	-
<u>Division of Child Development:</u>				
Child Care and Development Fund - Discretionary	93.575	1,701,395	-	-
Child Care and Development Fund - Mandatory	93.596	562,502	-	-
Child Care and Development Fund - Match	93.596	1,399,767	614,568	-
<u>Total Child Care Development Fund Cluster</u>		<u>3,815,687</u>	<u>614,568</u>	<u>-</u>
Temporary Assistance for Needy Families Cluster	93.558	440,635	-	-
Foster Care Title IV-E	93.658	28,086	16,460	-
State Appropriations		-	475,792	-
TANF-MOE		-	207,617	-
<u>Total Subsidized Child Care Cluster</u>		<u>4,284,408</u>	<u>1,314,437</u>	<u>-</u>
<u>Centers for Medicare and Medicaid Services</u>				
Passed through NC Department of Health and Human Services				
<u>Division of Medical Assistance:</u>				
<u>Medicaid Cluster:</u>				
Medical Assistance Program	93.778	16,531	-	5,519
Adult Care Home Case Management	93.778	28,998	8,853	20,144
Medical Assistance - Administration	93.778	2,626,819	-	874,713
Medical Transportation Services	93.778	306	159	-
MAC	93.778	32,656	-	32,656
Medical Assistance Program - Direct Benefit Payments	93.778	66,617,395	36,051,886	271,477
<u>Total Medicaid Cluster</u>		<u>69,322,705</u>	<u>36,060,898</u>	<u>1,204,509</u>
<u>Centers for Disease Control and Prevention</u>				
Passed through NC Department of Health and Human Services				
<u>Division of Public Health:</u>				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	38,836	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation	93.094	3,323	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	28	-	-
Immunization Grants	93.268	23,398	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	16,982	-	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	15,300	-	-
HIV Prevention Activities_ Health Department Based	93.940	32,000	-	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.997	217	-	-
Statewide Health Promotion Program	93.991	3,564	-	-
<u>Total Division of Public Health</u>		<u>133,648</u>	<u>-</u>	<u>-</u>
<u>Administration on Children and Families</u>				
Passed through NC Department of Health and Human Services				
<u>Division of Social Services:</u>				
Temporary Assistance for Needy Families Cluster	93.558	66,297	-	-
Refuge and Entrant Assistance - Discretionary Grants	93.576	2,332	-	-
<u>Total Division of Social Services:</u>		<u>68,629</u>	<u>-</u>	<u>-</u>

ORANGE COUNTY, NORTH CAROLINA
 Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2015

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
<u>Health Resources and Service Administration</u>				
Passed through NC Department of Health and Human Services				
<u>Division of Public Health:</u>				
Maternal and Child Health Services Block Grant to the States	93.994	182,743	78,324	-
<u>Office of Population Affairs</u>				
Passed through NC Department of Health and Human Services				
<u>Office of Population Affairs:</u>				
Family Planning Services	93.217	62,419	-	-
		447,439	78,324	-
<u>Office of Population Affairs</u>				
Passed through NC Department of Health and Human Services				
<u>Division of Social Services:</u>				
<u>Administration:</u>				
Social Services Block Grant	93.667	314,321	35,569	116,630
Social Services Block Grant - In Home Services	93.667	64,409	-	9,201
Social Services Block Grant - In Home Services over 60	93.667	19,251	-	2,750
TANF to SSBG	93.667	107,070	-	-
Refugee and Entrant Assistance - State Administered Programs	93.566	1,082	-	-
Promoting Safe and Stable Families	93.556	20,134	-	-
Low Income Home Energy Assistance	93.568	354,195	-	-
Low Income Energy Administration	93.568	70,305	-	-
Low Income Energy Assistance	93.568	357,800	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	40,709	-	13,570
Chafee Foster Care Independent Living Independence Program- LINKS	93.674	9,775	-	-
Chafee Foster Care Independent Living - LINKS	93.674	19,264	4,816	-
Child Support Enforcement - IV-D Administration	93.563	1,460,316	-	752,284
Child Support Enforcement - IV-D Offset Fees - ESC	93.563	101	-	52
Child Support Enforcement - IV-D Offset Fees - Federal	93.563	2,412	-	1,243
Children's Health Insurance Program	93.767	(3,001)	(942)	-
Foster Care - Title IV-E	93.658	287,997	-	20,795
<u>Direct Benefit Payments:</u>				
Refugee and Entrance Assistance Payment	93.566	13,504	-	-
Low Income Energy Assistance Payment	93.568	-	308	-
Children's Health Insurance Program	93.767	1,737,017	547,515	-
Family Support Payments to States Assistance Payments	93.560	(225)	(61)	(62)
Total Division of Social Services		4,876,436	587,205	916,463
<u>Temporary Assistance for Needy Families Cluster:</u>				
<u>Administration:</u>				
TANF- Work First Admin	93.558	185,727	-	404,859
TANF- Work First Service	93.558	809,466	-	1,065,895
<u>Direct Benefit Payments:</u>				
TANF- Payments & Penalties	93.558	438,848	-	-
Total Temporary Assistance for Needy Families Cluster		1,434,041	-	1,470,754
<u>Foster Care and Adoption Cluster:</u>				
<u>Administration:</u>				
IV-E CPS	93.658	53,463	81,293	1,475
IV-E Foster Care/ Off Trn	93.658	450,824	-	450,824
IV-E Adoption Training	93.659	53,830	-	53,830
IV-E Adoption Training 50%	93.659	610	-	610
<u>Direct Benefit Payments:</u>				
IV-E Adopt Subsidy & Vendor	93.659	651,675	169,035	169,035
IV-E Admin County Paid to CCI	93.658	2,727	1,364	1,364
IV-E Family Foster Max	93.658	1,989	-	4,949
IV-E Foster Care	93.658	172,972	44,826	41,568
IV-E Foster Care in Excess	93.658	43,956	11,395	11,422
IV-E Max Level III	93.658	6,858	-	2,862
Total Foster Care and Adoption Cluster		1,438,904	307,913	737,939
Total U.S. Department of Health and Human Services		82,111,609	38,368,734	4,329,665

ORANGE COUNTY, NORTH CAROLINA
 Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2015

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
Corporation for National and Community Service:				
Direct Programs:				
Retired and Senior Volunteer Program	94,002	38,694	-	-
U. S. Department of Homeland Security:				
Passed-Through N. C. Department of Crime Control and Public Safety				
Emergency Management Performance Grant	97,042	51,707	-	-
Total U.S. Department of Homeland Security		90,401	-	-
Environmental Protection Agency				
Passed through NC Dept. of Environment and Natural Resources				
Capitalization Grants for Clean Water State				
Clean Water State Revolving Fund - Revolving Loans (Note 3)	64.458/ CS370884-01	1,161,534	-	-
Total Environmental Protection Agency		1,161,534	-	-
Total Federal awards		90,878,587	38,451,498	5,788,383
State Awards:				
N. C. Department of Health and Human Services:				
<u>Division of Social Services:</u>				
<u>Administration:</u>				
AFDC Incent/Prog Integrity		-	296	-
<u>Direct Benefit Payments:</u>				
CWS Adopt Subsidy & Vendor		-	290,272	83,711
F/C at risk maximization		-	2,372	1,228
State/County Special Assistance Domiciliary Care Pmt		-	653,494	653,494
State Child Welfare/CPS/CS LD		-	223,725	-
SFHS Maximization		-	22,531	22,531
State Foster Home		-	53,359	53,358
Work First Non Reimbursable		-	-	662,244
County Funded Programs		-	-	3,099,530
Non Allocated County Cost		-	-	363,510
Total Division of Social Services		-	1,246,049	4,939,606
<u>Office of Juvenile Justice:</u>				
Community Based Alternatives	536920	-	277,731	-
<u>Division of Child Health:</u>				
Smart Start		-	39,426	-
<u>Division of Public Health:</u>				
Environmental Health		-	31,486	-
General Aid to Counties		-	105,885	-
General Communicable Disease Control		-	3,708	-
Risk Reduction/Health Promotion		-	6,286	-
Breast and Cervical Cancer Program		-	5,100	-
Child Health		-	1,815	-
HMHC-Family Planning		-	4,985	-
Maternal Health (HMHC)		-	2,483	-
Women's Health Service Fund		-	4,115	-
Sexually Transmitted Diseases		-	3,444	-
Tuberculosis		-	12,995	-
TB Medical Services		-	1,776	-
Total Division of Public Health		-	184,078	-
Total N. C. Department of Health and Human Services		-	1,747,284	4,939,606

ORANGE COUNTY, NORTH CAROLINA
 Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2015

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
<u>N.C. Department of Transportation:</u>				
<u>Rural Operating Assistance Program Cluster</u>				
ROAP - Elderly and Disabled Transportation Assistance Program		-	73,344	-
ROAP - Work First Program		-	30,893	-
ROAP - Rural General Public Program		-	70,085	-
Total Rural Operating Assistance Program Cluster		-	174,322	-
Orange Sec Paved - R4701 Signal System		-	1,614	-
Drives for Orange Rural Fire Department #3		-	25,000	-
Drives for Orange Grove VFD Station #2		-	25,000	-
Drives for White Cross VFD		-	12,500	-
Total N. C. Department of Transportation		-	238,436	-
<u>N. C. Department of Cultural Resources:</u>				
State Arts Grant		-	30,951	116,599
<u>Division of State Library:</u>				
State Aid to Public Libraries		-	101,031	2,208,517
Total N. C. Department of Cultural Resources		-	131,982	2,325,116
<u>N. C. Department of Public Instruction:</u>				
Public School Capital Building Fund - Lottery Proceeds		-	1,221,162	-
<u>N.C. Department of Insurance</u>				
SHIIP Funds		-	6,863	-
Total State awards		-	3,345,727	7,264,722
Total Federal and State Awards		\$ 90,878,587	\$ 41,797,225	\$ 13,053,105

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Orange County under the programs of the federal government and the of State North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Orange County, it is not intended to and does not present the financial position, changes in net position or cash flows of Orange County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for *State, Local, and Indian Tribal Governments* or cost principles contained in the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

3. Loans Outstanding

Orange County had the following loan balances outstanding at June 30, 2015. The current year draw down on the current project is also included in the federal expenditures presented in the schedule. Debt service will not be paid until the project is completed. As of June 30, 2015, the projects financed with the loans are complete.

Program Title	CFDA Number/Grant Number	Pass-through Grantor's Number	Amount Outstanding
Capitalization Grants for State Revolving Funds	64.458	CS370884-01	\$ 2,679,597

4. Subrecipients

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

Program Title	Pass-through Grantor's Number	Federal Expenditures	State Expenditures
Public School Building Capital Fund - Lottery Proceeds	-	\$ -	\$ 1,221,162

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

