

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



Photo Courtesy: Robert Leadbetter

**Year Ended June 30, 2014**



**ORANGE COUNTY**  
NORTH CAROLINA

# Comprehensive Annual Financial Report

Year Ended June 30, 2014



**Barry Jacobs**  
**Chair, Board of County Commissioners**

**Bonnie Hammersley**  
**County Manager**

**Clarence G. Grier, CPA**  
**Assistant County Manager &  
Chief Financial Officer**

**Prepared by**  
**The Orange County Finance & Administrative Services  
Department**

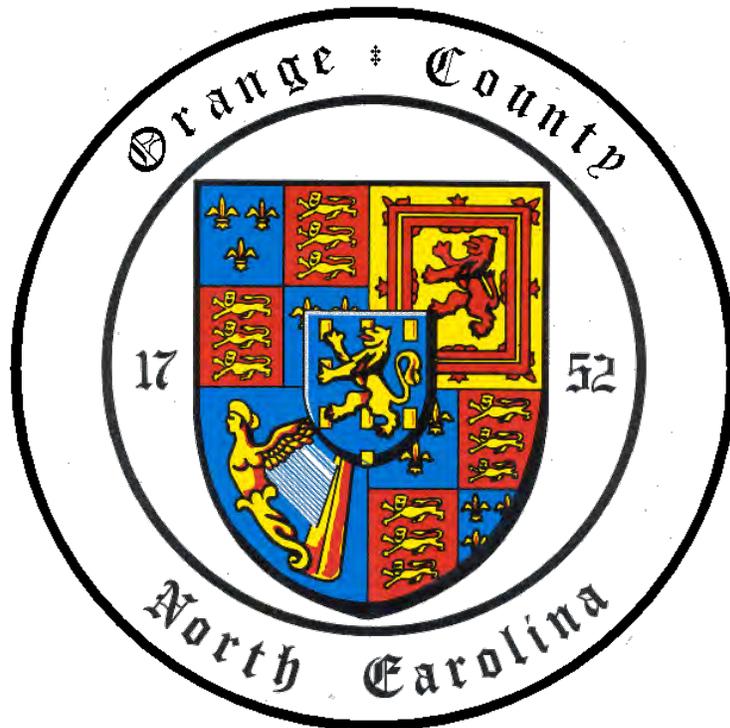
Howard A. Fitts, CPA, Accountant  
Shari Rasberry, Financial Service Coordinator  
Michele Brooks, Accounting Technician  
Katina Perry, Accounting Technician  
Kimberlee Quatrone, Accounting Technician  
and the Budget Office Staff

*This page left blank intentionally.*

**ORANGE COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**



**ORANGE COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

		<b><u>Page</u></b>
<b>Introductory Section</b>		
	Letter of Transmittal	i-v
	Certificate of Achievement for Excellence in Financial Reporting	vi
	Board of County Commissioners	vii
	Organizational Chart	viii
<b>Financial Section</b>		
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis	4-16
<b><u>Exhibit</u></b>	<b>Basic Financial Statements</b>	
	<b>Government-Wide Financial Statements:</b>	
A	Statement of Net Position	17
B	Statement of Activities	18-19
	<b>Fund Financial Statements:</b>	
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

# ORANGE COUNTY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2014

### TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
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
	<b>Notes to the Financial Statements</b>	29-69
<u>Schedule</u>		
	<b>Required Supplemental Financial Data:</b>	
A-1	Law Enforcement Officers' Special Separation Allowance	70
A-2	Healthcare Benefits Plan	71
	<b>Combining and Individual Fund Statements and Schedules:</b>	
B-1	General Fund Consolidated - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	72
B-2	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	73-76
B-3	Property Revaluation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	77
	<b>Major Funds:</b>	
B-4	County Capital Improvements Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	78-79
B-5	School Capital Improvements Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	80-81

# ORANGE COUNTY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2014

### TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	<b>Nonmajor Governmental Funds:</b>	
C-1	Combining Balance Sheet	82
C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	83
	<b>Nonmajor Capital Projects Funds:</b>	
C-3	Combining Balance Sheet	84
C-4	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	85
C-5	School Capital Reserve Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	86
C-6	County Capital Reserve Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	87
	<b>Nonmajor Special Revenue Funds:</b>	
D-1	Combining Balance Sheet	88-89
D-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	90-91
D-3	Impact Fee Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	92
D-4	Community Development Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	93
D-5	Section 8 Housing Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	94

# ORANGE COUNTY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2014

### TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
D-6	Grant Supported Projects Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	95
D-7	Grants Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	96-97
D-8	Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	98
D-9	Visitors' Bureau Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	99
D-10	Local Fire Districts Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	100
D-11	Heusner Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	101
D-12	Library Development Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	102
D-13	Adoption Enhancement Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	103
D-14	Recreation Subdivision Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	104
D-15	Articles 46 Sales Tax - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	105

# ORANGE COUNTY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2014

### TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
D-16	Spay Neuter Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	106
<b>Enterprise Funds:</b>		
E-1	Solid Waste Landfill Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	107
E-2	SportsPlex Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	108
E-3	Efland Sewer Operating Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	109
<b>Internal Service Fund:</b>		
F-1	Combining Statement of Net Position	110
F-2	Combining Statements of Revenues, Expenses, and Changes in Fund Net Position	111
F-3	Combining Statement of Cash Flows	112
F-4	Health and Dental Insurance Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	113
F-5	Vehicle Replacement Fund - Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)	114
<b>Agency Funds:</b>		
G-1	Combining Statement of Fiduciary Assets and Liabilities	115-116
G-2	Combining Statement of Changes in Assets and Liabilities	117-118

# ORANGE COUNTY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2014

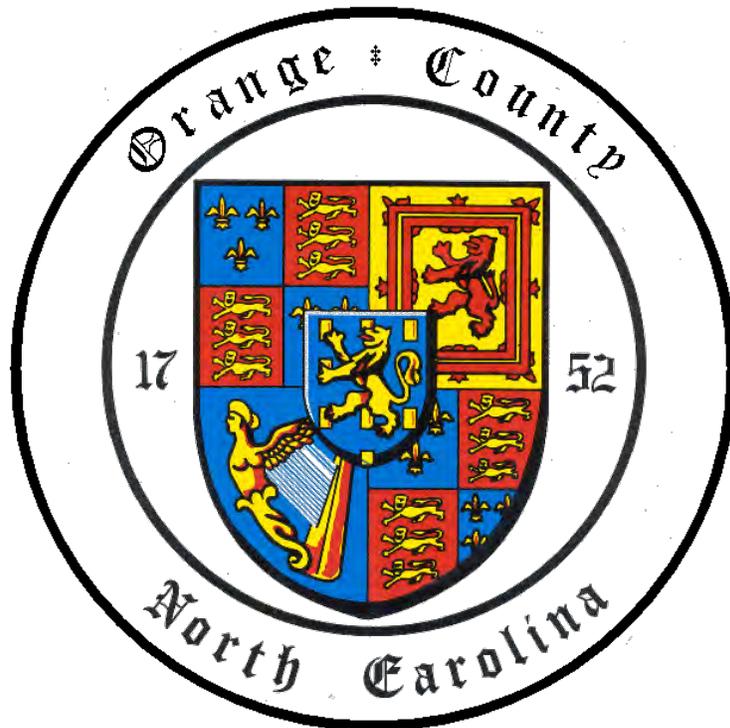
### TABLE OF CONTENTS

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
	<b>Supplemental Financial Data:</b>	
H-1	Schedule of Ad Valorem Taxes Receivable	119
H-2	Analysis of Current Tax Levy	120
	<b>Table</b>	
	<b>Statistical Section</b>	
1	Net Position By Component	121
2	Changes in Net Position	122-123
3	Fund Balances of Governmental Funds	124
4	Changes in Fund Balances of Governmental Funds	125
5	Assessed Value and Actual Value of Taxable Property	126
6	Direct and Overlapping Property Tax Rates	127
7	Principal Property Taxpayers	128
8	Property Tax Levies and Collections	129
9	Ratio of Outstanding Debt By Type	130
10	Ratios of Net General Bonded Debt Outstanding	131
11	Legal Debt Margin Information	132
12	Direct and Overlapping Governmental Activities Debt	133
13	Demographic and Economic Statistics	134
14	Principal Employers	135
15	Full-Time Equivalent County Government Employees by Function	136
16	Operating Indicators By Function	137
17	Capital Asset Statistics By Function	138

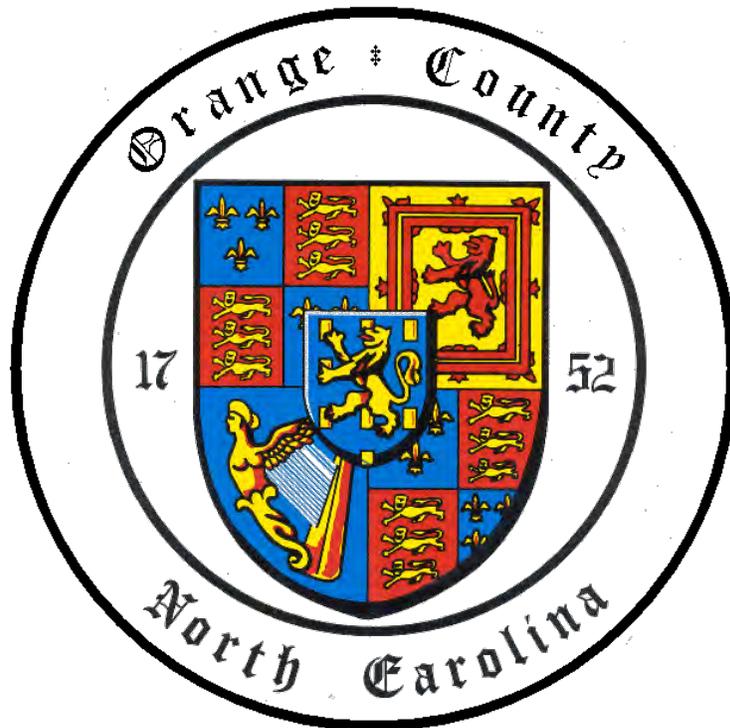
**ORANGE COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>Compliance Section</b>	
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>	139-140
<b>Schedule of Findings:</b>	
Schedule of Findings and Responses	141-142
Summary Schedule of Prior Year's Audit Findings	143



## **Introductory Section**





## **ORANGE COUNTY**

### ***Department of Financial and Administrative Services***

208 South Cameron Street  
Post Office Box 8181  
Hillsborough, NC 27278

Tel: 919-245-2453  
Fax: 919 644-3324

December 3, 2014

The Board of County Commissioners,  
Bonnie Hammersley, County Manager  
Citizens of Orange County, North Carolina

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, I hereby issue the comprehensive annual financial report ("CAFR") of Orange County for the fiscal year ended June 30, 2014.

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

The County's financial statements have been audited by Martin Starnes & Associates, CPA, PA, a firm of licensed certified public accountants. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2014, 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. He has appointive and removal authority over department heads and other employees of the County. The County Manager is responsible for the daily operations of the County Government. In addition, the Manager's responsibilities include implementation of policies established by the Board of Commissioners, as well as the administration of the annual budget adopted by the Board.

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

The budget serves as the foundation for Orange County's financial planning and control. As required by the North Carolina Budget and Fiscal Control Act, the County adopts an annual budget for all governmental funds except those authorized by project ordinance that are multi-year in nature. Appropriations to the various funds are formally budgeted on a functional basis. The County Manager is authorized to approve appropriation transfers within all functions. 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 perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

**Local economy** Orange County is part of the 16 county Research Triangle Regions. This area continues to experience growth and is considered among the most desirable areas of the country to live and work. The region added over 126,000 jobs in the last six years. Research Triangle park was named the #1 High-Tech Region by the Silicon Valley Leadership Group and the region was named the #1 Region for Biotechnology by the Milkmen Institute.

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

The County enjoys a consistently low unemployment rate. The unemployment rate estimated by the North Carolina Employment Security Commission for calendar year 2013 was 5.3% and for September 2014 was 5.4%, one of the lowest in the State. (State average was 8.0% for the calendar year 2013 and for September 2014 was 6.8 %)

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

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

The Research Triangle Park (the "Park"), located 10 miles east of the County, contains 7,000 acres of land which has been reserved for research and research-oriented manufacturing. Since its inception in the 1950's, more than 170 private and governmental organizations have located facilities in the Park. According to the Research Triangle Foundation, the Park represents a capital investment exceeding \$4.0 billion. As of July 2013, approximately 59,000 people were employed at the Park with an annual payroll of approximately \$14.5 billion with an average salary of \$78,000. Approximately 87% of the employees in the Park work for multinational corporations. Because of its close proximity to the County and the fact that many of the Parks' employees reside in the County, the impact of the Park on the County's economy is significant.

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

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

**Fiscal Outlook.** The adopted 2014-15 budget included General Fund appropriation of \$200.4 million, which is an increase of \$12.7 million from prior years' original budget, and a \$.8 million increase from the prior year's final amended budget. Reflective of previous fiscal years, the County continued its traditional commitment to public schools earmarking nearly one-half of the County's 2014-15 General Fund Budget of \$200.4 million for education. Funding appropriated for education totaled \$98.7 in the fiscal year 2014-15 budget. The Board adopted a property tax rate increase of 2 cents to increase the County's property tax rate to .878 cents per hundred for Fiscal Year 2014-15. This represents the first year in six years that the property tax rate was increased to balance the budget. The assessed value for the upcoming year is estimated to be nearly \$16.6 billion with a tax rate of \$0.878 per \$100 of value year. The BOCC appropriated \$10 million from unassigned fund balance in the 2014-15 budget that will be used to assist in funding critical needs programs and address State budget cuts to education. The Board of County Commissioners remains committed to grow and stabilize the fund balance as the County continues to contend with the flat revenues, which continue to due to legislative actions at the Federal and State level.

Additionally the residents of Orange County in November of 2011 approved the Article 46 ¼ cents sales tax that has been 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 fiscal year 2014-15.

For capital improvements, the County will issued debt financing to fund the construction of the Cedar Grove Community Center along with various County capital projects equipment purchases in fiscal year. The County does not plan to have any major capital projects or debt issuances for fiscal year 2014-15.

**Fiscal Policy.** The County continues to operate within its current financial policies this fiscal year despite the challenges it has faced since the 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. Although the 2014-15 budget has increased \$12.7 million and included a property tax rate increase, the Board of County Commissioners maintains their desire to have no tax increase in 2015-16. This means that the County's debt service as a percentage of the budget will remain nearer to the 15% of General Fund expenditures limit, which is the goal the County strives to maintain. The Board has set an unassigned (available) fund balance target of 17% in of General Fund expenditures. Current General Fund unassigned fund balance totals 18.5% as of June 30, 2014.

## **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, 2013. This marks the fifteenth 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 2015 annual budget document. This is the 23rd 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 2015 budget continues to conform to program requirements and is submitting it to the GFOA to determine eligibility for another award.

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

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

Respectfully submitted,

Handwritten signature of Clarence G. Grier, CPA, CITP in black ink.

Clarence G. Grier, CPA, CITP  
Financial Services Director



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, 2013**

Executive Director/CEO

## Board of County Commissioners



Barry Jacobs, Chair



Earl McKee, Vice-Chair



Mark Dorosin



Alice M. Gordon



Bernadette Pelissier



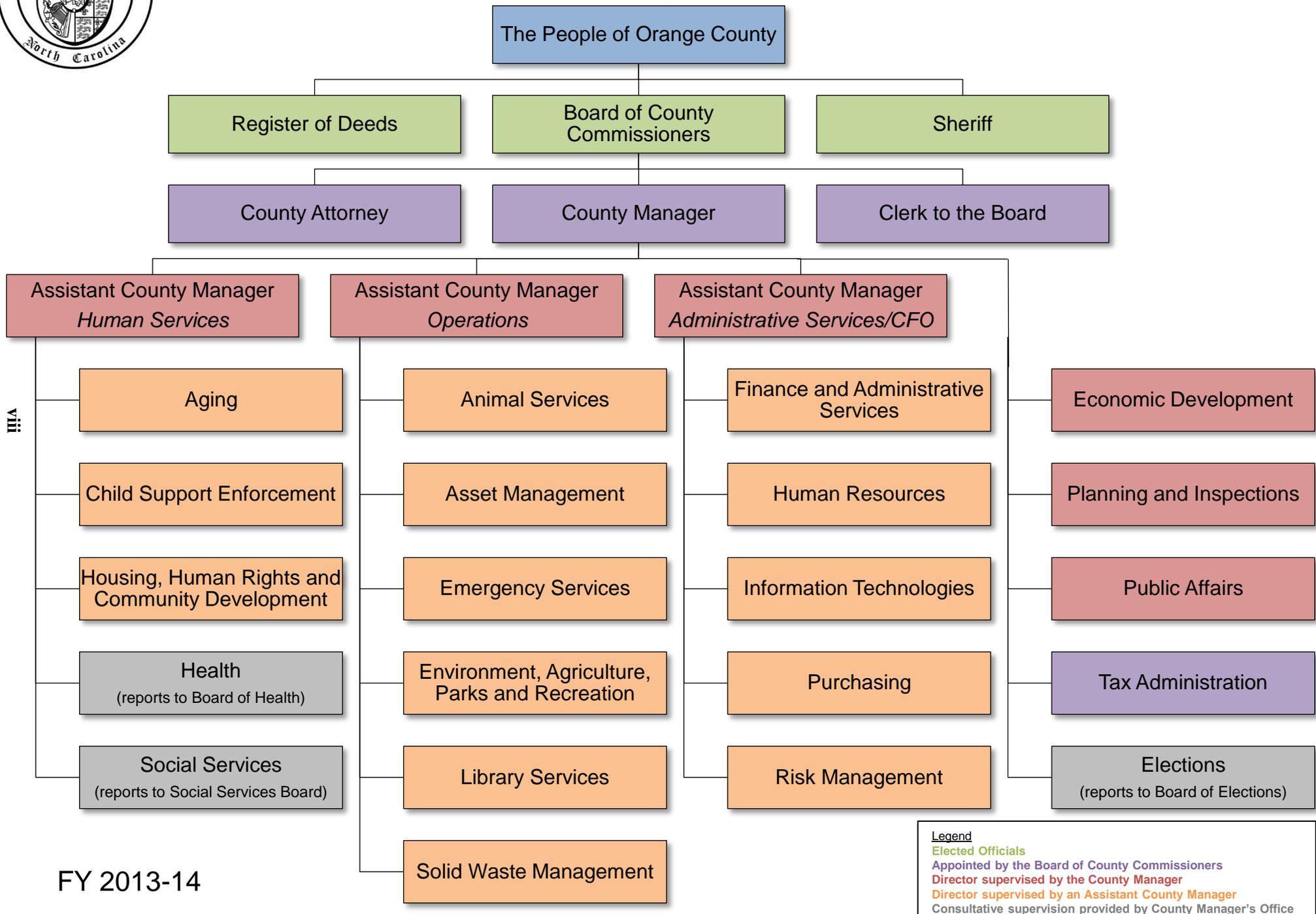
Renee Price



Penny Rich



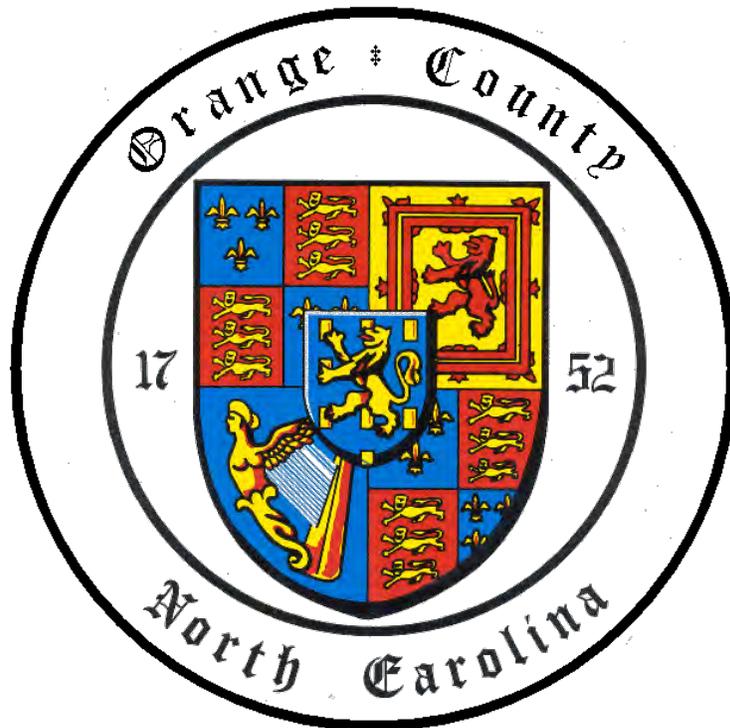
# Orange County Government



FY 2013-14

**Legend**  
 Elected Officials  
 Appointed by the Board of County Commissioners  
 Director supervised by the County Manager  
 Director supervised by an Assistant County Manager  
 Consultative supervision provided by County Manager's Office

**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, 2014, 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, 2014, 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 the Management's Discussion and Analysis, the Law Enforcement Officer's Special Separation Allowance, and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and statistical section 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, and the supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

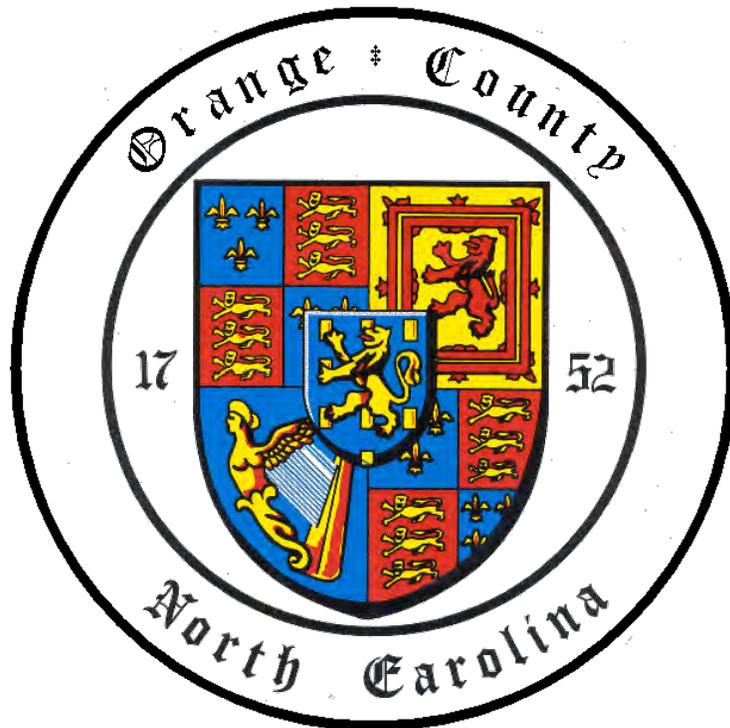
The introductory information and the statistical section have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014 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 3, 2014



# 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, 2014. 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 \$34.2 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 \$10.3 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 \$92.6 million, an increase of \$13.8 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 \$27 million in the current year. The ending fund balance of \$31.2 million is available for spending at the government's discretion (unassigned fund balance). Of the total fund balance, approximately \$10.1 million has been assigned for subsequent year's expenditures for programs, grants and capital purposes.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$33.9 million, or 18.90 percent, of total General Fund expenditures for the fiscal year.

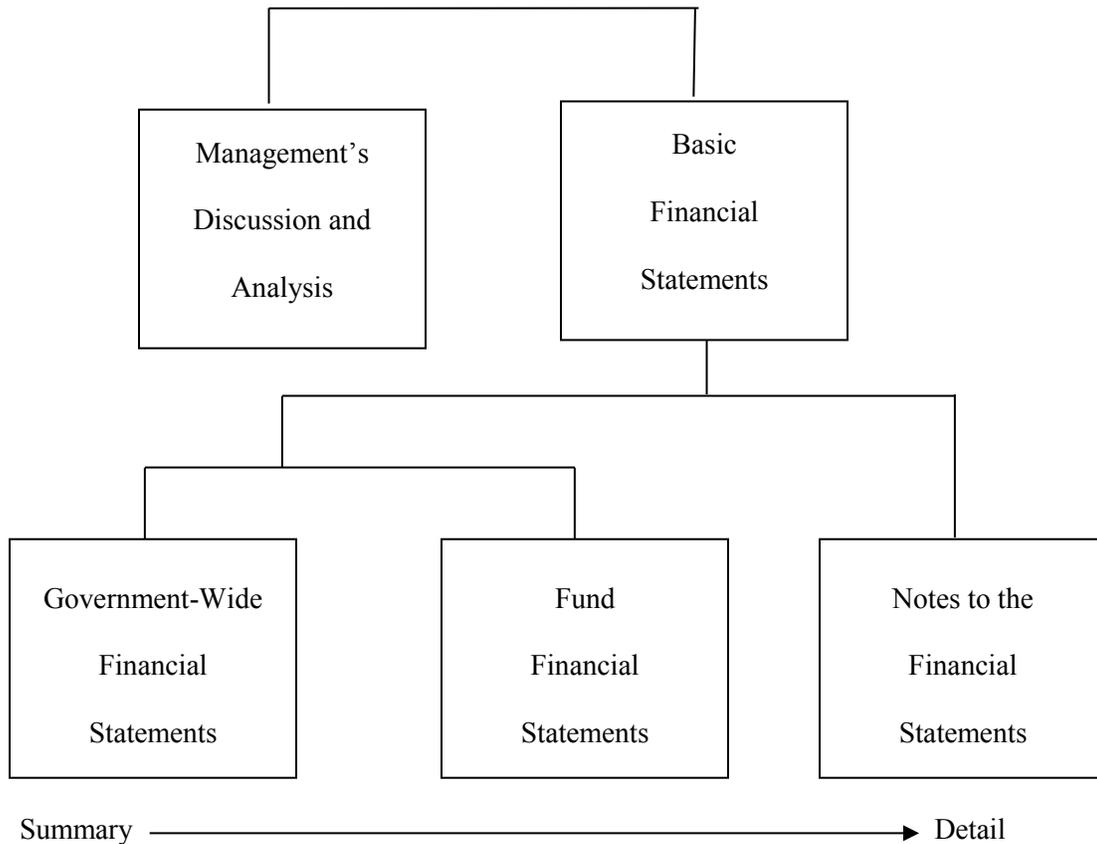
The County maintained its AAA (Fitch IBCA), Aaa (Moody's Investor Services) and AAA (Standard & Poor's) bond ratings on general obligation bonds for the 17th consecutive year. The Moody's Investor Services rating was upgraded during from Aa1 with a positive outlook in May 2014.

### 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 29-69 of this report.

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

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets and Deferred Outflows:</b>						
Current and other assets	\$ 107,020,119	\$ 92,456,131	\$ 17,420,447	\$ 19,790,248	\$ 124,440,566	\$ 112,246,379
Capital assets	106,194,548	105,800,149	17,203,170	16,792,846	\$ 123,397,718	122,592,995
Total assets and deferred outflows	213,214,667	198,256,280	34,623,617	36,583,094	247,838,284	234,839,374
<b>Liabilities and</b>						
<b>Deferred Outflows:</b>						
Long-term liabilities	255,766,756	242,799,249	26,889,810	24,505,140	282,656,566	267,304,389
Other liabilities	370,984	11,824,622	-	1,176,467	370,984	13,001,089
Total liabilities and deferred inflows	256,137,740	254,623,871	26,889,810	25,681,607	283,027,550	280,305,478
<b>Net Position:</b>						
Net investment in capital assets	21,308,363	19,154,413	8,478,262	7,038,493	29,786,625	26,192,906
Restricted	19,905,244	26,587,937	-	-	19,905,244	26,587,937
Unrestricted	(83,197,137)	(101,233,602)	(744,455)	3,862,994	(83,941,592)	(97,370,608)
Total net position	\$ (41,983,530)	\$ (55,491,252)	\$ 7,733,807	\$ 10,901,487	\$ (34,249,723)	\$ (44,589,765)

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 34.2 million as of June 30, 2014. Net position is reported in three categories: Net investment in capital assets of \$29.8 million, restricted net position of \$19.9 million, and unrestricted net deficit of \$83.9 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, 2014, the net investment in capital assets increased by \$3.6 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, 2014, the total net deficit reported of \$34.2 million is attributable to the unrestricted net deficit balance of (\$95.5) million, which results from the debt financing related to school assets.

As with many counties in the State of North Carolina, the County's deficit in unrestricted net 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 systems capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the school systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$114.5 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

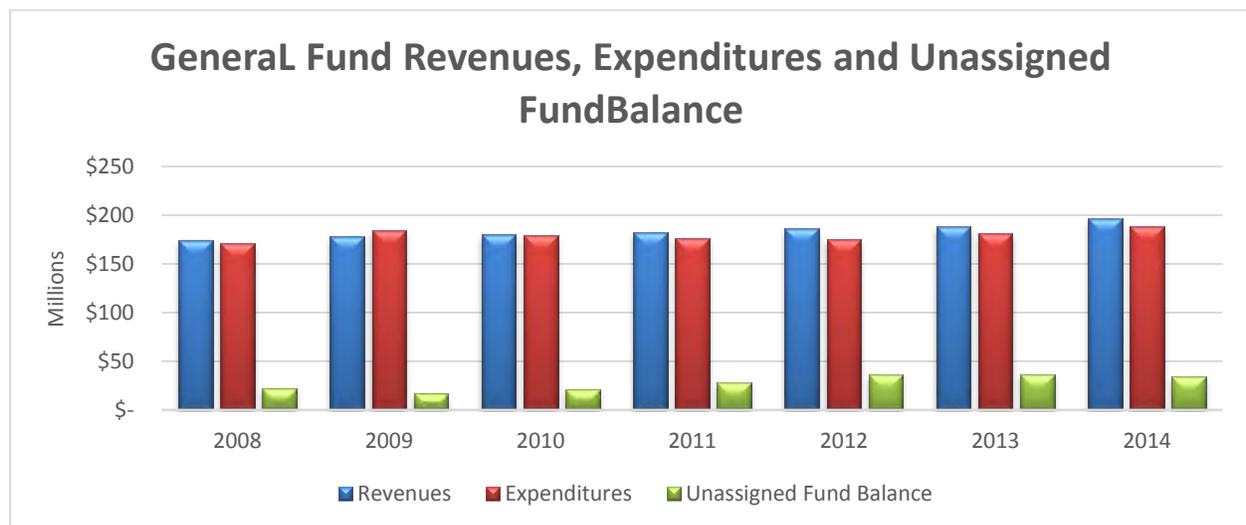
# Orange County, North Carolina

## Management’s Discussion and Analysis (Unaudited)

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

As noted earlier, the government's total net position increased by \$10.3 million. This increase resulted from a combination of an increase in revenues in governmental activities and a decrease in expenses. This was in part offset by an increase in expenses in Business Activities. In addition, the following positive operational initiatives and results are noted:

- The County’s continued diligence in the collection of property taxes by maintaining a collection percentage of approximately 99%, higher than the State-wide average of 97%.
- 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 \$2.7 million from the prior year. This decrease occurred primarily from the Board of County Commissioners appropriating additional unassigned fund balance to mitigate federal and state mandates that reduced County services and would have an adverse effect on Education for the FY2014-15 budget. Unassigned fund balance is expected to increase in future fiscal years as the Board has committed to increasing fund balance with the return of improved economic conditions.



# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 14,100,487	\$ 13,235,408	\$ 8,708,132	\$ 11,201,138	\$ 22,808,619	\$ 24,436,546
Operating grants and contributions	26,259,362	24,611,570	274,429	466,966	26,533,791	25,078,536
Capital grants and contributions	1,656,217	2,489,408	-	-	1,656,217	2,489,408
General revenues:						
Property taxes	148,940,579	142,951,109	-	-	148,940,579	142,951,109
Other taxes	22,924,419	20,198,745	-	-	22,924,419	20,198,745
Other	29,414	1,157,114	2,969	9,624	32,383	1,166,738
Total revenues	<u>213,910,478</u>	<u>204,643,354</u>	<u>8,985,530</u>	<u>11,677,728</u>	<u>222,896,008</u>	<u>216,321,082</u>
<b>Expenses:</b>						
General government	26,361,842	22,025,337	-	-	26,361,842	22,025,337
General services	7,867,632	6,980,383	-	-	7,867,632	6,980,383
Community and environment	11,552,941	9,821,519	-	-	11,552,941	9,821,519
Human services	36,755,137	35,126,478	-	-	36,755,137	35,126,478
Education	81,732,135	91,151,052	-	-	81,732,135	91,151,052
Public safety	25,479,585	24,569,638	-	-	25,479,585	24,569,638
Cultural and recreation	2,354,533	2,162,503	-	-	2,354,533	2,162,503
Interest on long-term debt	5,567,955	7,685,735	-	-	5,567,955	7,685,735
Landfill	-	-	11,463,642	6,892,530	11,463,642	6,892,530
Sewer	-	-	284,773	333,568	284,773	333,568
Sportsplex	-	-	3,135,791	3,020,626	3,135,791	3,020,626
Total expenses	<u>197,671,760</u>	<u>199,522,645</u>	<u>14,884,206</u>	<u>10,246,724</u>	<u>212,555,966</u>	<u>209,769,369</u>
Increase (decrease) in net position						
before transfers	16,238,718	5,120,709	(5,898,676)	1,431,004	10,340,042	6,551,713
Transfers	<u>(2,730,996)</u>	<u>(2,311,895)</u>	<u>2,730,996</u>	<u>2,311,895</u>	-	-
Total transfers and contributions	<u>(2,730,996)</u>	<u>(2,311,895)</u>	<u>2,730,996</u>	<u>2,311,895</u>	-	-
Increase (decrease) in net position after transfer						
	13,507,722	2,808,814	(3,167,680)	3,742,899	10,340,042	6,551,713
<b>Net Position:</b>						
Beginning of year - July 1	(55,491,252)	(57,428,543)	10,901,487	7,158,588	(44,589,765)	(50,269,955)
Restatement	-	(871,523)	-	-	-	(871,523)
End of year - June 30	<u>\$ (41,983,530)</u>	<u>\$ (55,491,252)</u>	<u>\$ 7,733,807</u>	<u>\$ 10,901,487</u>	<u>\$ (34,249,723)</u>	<u>\$ (44,589,765)</u>

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

---

**Governmental Activities.** Governmental activities increased the County's net position by \$13.5 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 \$3.2 million. This decrease came from the decreases in operating income in each of the three business activities combined with increases in operating transfers, and reduced expenses incurred mainly as a result of the closure the Landfill at the end of fiscal year 2013.

### 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 \$33.9 million, while total fund balance equaled \$62.1 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 33 percent of General Fund expenditures and transfers out. The increase in fund balance resulted from revenues exceeding expenditures and transfers by \$7.4 million.

General Fund revenue at \$194.5 million was higher than the final amended budget. Property tax revenue makes up 74% of General Fund budgeted revenue. The General Fund revenue was \$6.1 million more than budget. Property tax increased by \$5.3 million from last year, or 3.7% 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 \$3.81 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 \$1.4 from last year to \$19.9 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, investment income, and miscellaneous revenues all came in either slightly higher or lower than budget.

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

---

General Fund expenditures increased \$8.9 million from last year to 179.4 million. Expenditures, without financing uses, were \$8.0 million, or 4.0% under budget, which is the same as last year at 4.0% below budget. This can be attributed, in part, to management's continued directive to departments to reduce non-essential expenditures, an extended freeze on capital expenditures and continued delay in filling of vacant positions. This step assisted in the increase of unassigned fund balance of the General Fund. Increased spending for general services, community and environment, and human services caused the increased in expenditures by 1% from the previous fiscal year.

The County Capital Improvement Fund reflected an increase in fund balance of \$5.6 million; the School Capital Improvement Fund reflected a decrease in fund balance of \$275,900. 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 at Cedar Ridge Auxiliary Gym for Orange County Schools and the Culberth Science Wing for Chapel Hill-Carrboro City Schools. Lottery proceeds of \$1.3 million were used to pay school related debt service in the General Fund during the fiscal year.

As of June 30, 2014, the nonmajor governmental funds of the County reported a combined fund balance of \$10.7 million, an increase of \$1 million from last year. This increase is attributable mainly to receipt sales tax revenues from the Article 46 ¼ cents sales tax, new grant funds and other sources in the various nonmajor governmental funds netted with reduced expenditures for older programs being closed during the fiscal year.

**Proprietary Funds.** As mentioned previously in business-type activities, the net position in the enterprise funds decreased by \$3.2 million. This decrease came primarily from increases in operating expenses for Solid Waste Landfill. Revenue decreased slightly in all proprietary funds. The most significant increase in expenses relates to post-closure costs in the Solid Waste Landfill Enterprise Fund which increased by \$3.2 million.

**General Fund Budgetary Highlights.** During the 2014 budget year, the County had several noteworthy operational milestones in the area of General Fund operations. Once again, the County's annual contribution to public schools placed the County at the top of the rankings per pupil in expenditures among North Carolina's 100 counties. The Orange County and Chapel Hill-Carrboro City Schools continued to use these funds very effectively, compiling overall impressive results in student achievement tests and solidifying the reputations of both systems as excellent learning environments for young people.

In fiscal year 2014, the County's contributions to education funding, including operations, short and long-range capital needs, and debt service obligations, totaled \$91.1 million, over 47 percent of the total governmental funds expenditures for the year.

The County revised the budget on several occasions. Generally, budget amendments fall into one of four categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) carryover of funding for outstanding purchase orders at year-end related to significant commitments and projects; 3) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services. In 2014, an additional appropriation from fund balance during the year of \$1.5 million was provided additional funding for school related capital projects. Total amendments to the General Fund increased appropriations by approximately \$8.9 million.

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

**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 \$744,455. As previously indicated, the decrease in net position for the proprietary funds was \$3.2 million. The primary factors affecting the decrease in these funds were addressed in the discussion of the County's business-type activities.

### Capital Asset and Debt Administration

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2014 totals \$123.4 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 13,077,443	\$ 13,008,016	\$ 2,294,473	\$ 1,907,609	\$ 15,371,916	\$ 14,915,625
Land improvements	4,949,636	4,949,636	612,804	630,815	5,562,440	5,580,451
Water resources						
- Lake Orange	481,624	481,624	-	-	481,624	481,624
Buildings	63,040,942	64,999,915	8,163,912	8,542,899	71,204,854	73,542,814
Leasehold improvements	2,644,030	2,814,613	-	-	2,644,030	2,814,613
Sewer lines	-	-	2,366,985	2,454,119	2,366,985	2,454,119
Automotive equipment	1,640,351	1,634,248	1,623,409	1,548,144	3,263,760	3,182,392
Office and other equipment	2,466,228	1,553,385	-	-	2,466,228	1,553,385
Construction in progress	17,894,294	16,358,712	2,141,587	1,709,260	\$ 20,035,881	18,067,972
Total	<u>\$ 106,194,548</u>	<u>\$ 105,800,149</u>	<u>\$ 17,203,170</u>	<u>\$ 16,792,846</u>	<u>\$ 123,397,718</u>	<u>\$ 122,592,995</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 equipment and convenience center upgrades.

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

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

**Long-Term Debt and Obligations.** As of June 30, 2014, the County had total bonded debt outstanding of \$77.2 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 \$128.9 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	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 77,150,000	\$ 86,205,000	\$ -	\$ -	\$ 77,150,000	\$ 86,205,000
Installment notes payable	120,189,844	107,796,269	8,724,908	9,429,225	128,914,752	117,225,494
Obligations under capital leases	-	1,746,233	-	325,128	-	2,071,361
Revolving loan payable	1,663,703	2,099,099	-	-	1,663,703	2,099,099
Bond issuance items, net	15,318,561	16,583,769	-	-	15,318,561	16,583,769
Accrued compensated absences	5,275,242	4,928,399	317,701	306,274	5,592,943	5,234,673
Separation allowance	607,979	578,122	-	-	607,979	578,122
Post-closure liability	-	-	13,123,703	12,959,312	13,123,703	12,959,312
OPEB liability	23,880,402	22,862,358	1,527,620	1,485,201	\$ 25,408,022	\$ 24,347,559
Total	<u>\$ 244,085,731</u>	<u>\$ 242,799,249</u>	<u>\$ 23,693,932</u>	<u>\$ 24,505,140</u>	<u>\$ 267,779,663</u>	<u>\$ 267,304,389</u>

The County's total long-term debt and obligations increased by \$475,274, or 0.2% during the past fiscal year. The increase is mainly due to net of proceeds for installment notes payable issued during the year of \$20.6 million, increases in OPEB liability of \$1 million, and increases in the post-closure liability for the landfill of approximately \$164,000, net of principal payments for the outstanding debt obligations totaling \$30.2 million.

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 \$214.3 million total net debt applicable to the limit. The County has \$23,900,000 in bonds authorized, but unissued, at June 30, 2014.

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

---

Additional information regarding the County's long-term debt can be found in Note 6 on pages 59-64 of this report.

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

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

The County enjoys a consistently low unemployment rate. The unemployment rate estimated by the North Carolina Employment Security Commission for September 2014 was 5.4%, one of the lowest in the State.

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

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

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

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

The Research Triangle Park (the "Park"), located 10 miles east of the County, contains 7,000 acres of land which has been reserved for research and research-oriented manufacturing. Since its inception in the 1950's, more than 170 private and governmental organizations have located facilities in the Park. According to the Research Triangle Foundation, the Park represents a capital investment exceeding \$4.0 billion. As of July 2013, approximately 59,000 people were employed at the Park with an annual payroll of approximately \$14.5 billion with an average salary of \$78,000. Approximately 87% of the employees in the Park work for multinational corporations. Because of its close proximity to the County and the fact that many of the Parks' employees reside in the County, the impact of the Park on the County's economy is significant.

### Budget Highlights for the Fiscal Year Ended June 30, 2015

**Governmental Activities.** The County has approved a \$200.4 million General Fund budget for fiscal year 2015, which represents a \$12.7 million, or 7% increase from fiscal year 2014. This budget was balanced by increasing property tax rate for the upcoming fiscal year. This was the first time six years property taxes rate were increased. The budgeted per pupil allocation for education was increased to \$3,571, which represents a \$302.00 per pupil increase from the previous year allocation of \$3,269.

## **Orange County, North Carolina**

### **Management's Discussion and Analysis (Unaudited)**

---

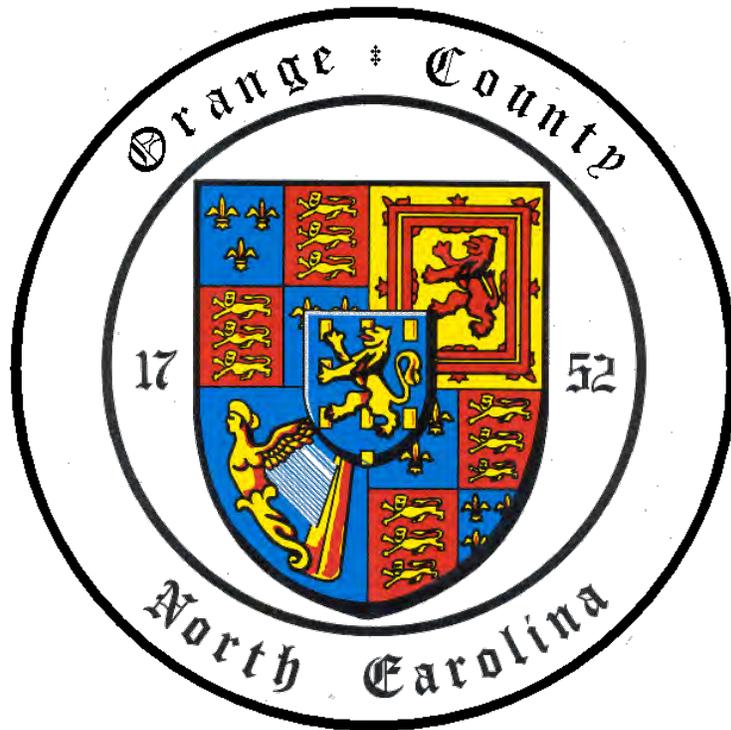
Additionally the residents of Orange County in November of 2011 approved the Article 46 ¼ cents sales tax that will be used for school capital projects in both school districts, Orange County Schools and Chapel Hill – Carrboro City Schools, and to foster economic development in the business development zones of the County. The sales tax revenue is projected to be \$2.8 million for fiscal year 2014-15.

In reference to business-type activities, those budgets were increased by \$4.9 million. The majority of the increase was in the Solid Waste Enterprise Fund.

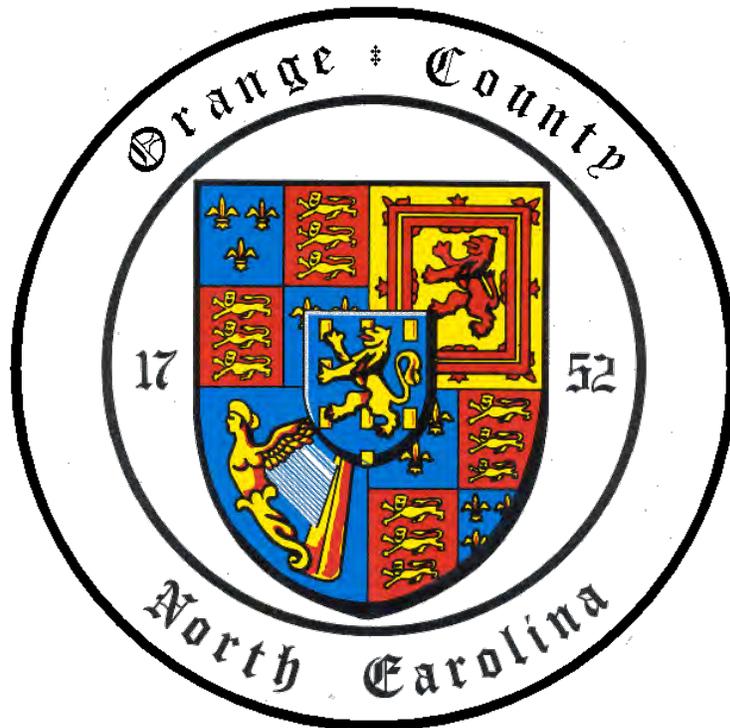
#### **Requests for Information**

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, 2014

	Primary Government			Component Unit	Reporting Unit
	Governmental Activities	Business-Type Activities	Total	Orange County ABC Board	Total
<b>Assets:</b>					
Cash and investments	\$ 67,222,041	\$ 17,325,051	\$ 84,547,092	\$ 3,659,601	\$ 88,206,693
Receivables, property taxes, net	2,897,351	-	2,897,351	-	2,897,351
Receivables, federal intergovernmental	570,610	-	570,610	-	570,610
Receivables, State intergovernmental	12,855,124	61,900	12,917,024	-	12,917,024
Receivables, other	2,282,522	170,121	2,452,643	2,992	2,455,635
Inventories	29,242	-	29,242	1,684,996	1,714,238
Internal balances	136,625	(136,625)	-	-	-
Prepaid expenses	-	-	-	93,193	93,193
Restricted assets:					
Cash and investments	21,026,604	-	21,026,604	-	21,026,604
Security deposits	-	-	-	13,341	13,341
Capital assets:					
Non-depreciable	36,402,997	4,436,060	40,839,057	1,180,099	42,019,156
Depreciable, net	69,791,551	12,767,110	82,558,661	2,663,829	85,222,490
Total assets	<u>213,214,667</u>	<u>34,623,617</u>	<u>247,838,284</u>	<u>9,298,051</u>	<u>257,136,335</u>
<b>Deferred Outflows of Resources:</b>					
Unamortized bond refunding charges	939,543	-	939,543	-	939,543
Total deferred outflows of resources	<u>939,543</u>	<u>-</u>	<u>939,543</u>	<u>-</u>	<u>939,543</u>
<b>Liabilities:</b>					
Accounts payable	5,110,716	2,729,924	7,840,640	500,619	8,341,259
Payroll withholdings	2,442,787	195,336	2,638,123	-	2,638,123
Accrued liabilities	3,311,640	100,868	3,412,508	437,827	3,850,335
Arbitrage payable	39,376	-	39,376	-	39,376
Insurance claims incurred, but not reported	595,970	-	595,970	-	-
Advances from grantors	28,825	-	28,825	-	28,825
Prepaid fees	151,711	169,750	321,461	-	321,461
Long-term liabilities:					
Due within one year	22,508,270	1,140,759	23,649,029	129,482	23,778,511
Due in more than one year	221,577,461	22,553,173	244,130,634	2,230,315	246,360,949
Total liabilities	<u>255,766,756</u>	<u>26,889,810</u>	<u>282,656,566</u>	<u>3,298,243</u>	<u>285,954,809</u>
<b>Deferred Inflows of Resources:</b>					
Prepaid taxes	370,984	-	370,984	-	370,984
Total deferred inflows of resources	<u>370,984</u>	<u>-</u>	<u>370,984</u>	<u>-</u>	<u>370,984</u>
<b>Net Position:</b>					
Net investment in capital assets	21,308,363	8,478,262	29,786,625	1,613,613	31,400,238
Restricted for:					
Working capital	-	-	-	497,301	497,301
Stabilization by State statute	15,617,944	-	15,617,944	-	15,617,944
Public safety	1,539,413	-	1,539,413	-	-
Community and environment	2,747,887	-	2,747,887	-	-
Unrestricted	<u>(83,197,137)</u>	<u>(744,455)</u>	<u>(83,941,592)</u>	<u>3,888,894</u>	<u>(80,052,698)</u>
Total net position	<u>\$ (41,983,530)</u>	<u>\$ 7,733,807</u>	<u>\$ (34,249,723)</u>	<u>\$ 5,999,808</u>	<u>\$ (28,249,915)</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, 2014**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Governing and management	\$ 26,361,842	\$ 2,151,026	\$ 886,508	\$ -
General services	7,867,632	3,343,165	2,118,989	1,656,217
Community and environment	11,572,352	731,716	4,233,987	-
Human services	36,755,137	1,907,676	17,048,370	-
Education	81,712,724	-	1,325,356	-
Public safety	25,479,585	5,617,376	635,855	-
Cultural and recreational	2,354,533	349,528	10,297	-
Interest on long-term debt	5,567,955	-	-	-
Total governmental activities	<u>197,671,760</u>	<u>14,100,487</u>	<u>26,259,362</u>	<u>1,656,217</u>
<b>Business-Type Activities:</b>				
Landfill	11,463,642	5,352,943	274,429	-
Sewer	284,773	163,324	-	-
SportsPlex	3,135,791	3,191,865	-	-
Total business-type activities	<u>14,884,206</u>	<u>8,708,132</u>	<u>274,429</u>	<u>-</u>
Total primary government	<u>\$ 212,555,966</u>	<u>\$ 22,808,619</u>	<u>\$ 26,533,791</u>	<u>\$ 1,656,217</u>
<b>Component Unit:</b>				
ABC Board	<u>\$ 16,355,302</u>	<u>\$ 16,977,876</u>	<u>\$ -</u>	<u>\$ -</u>

**General Revenues:**

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

Transfers

Total general revenues and transfers

Change in net position

**Net Position:**

Beginning of year - July 1

End of year - June 30

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

**Exhibit B**

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>	<b>Reporting Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Orange County ABC Board</b>	<b>Total</b>
\$ (23,324,308)	\$ -	\$ (23,324,308)	\$ -	\$ (23,324,308)
(749,261)	-	(749,261)	-	(749,261)
(6,606,649)	-	(6,606,649)	-	(6,606,649)
(17,799,091)	-	(17,799,091)	-	(17,799,091)
(80,387,368)	-	(80,387,368)	-	(80,387,368)
(19,226,354)	-	(19,226,354)	-	(19,226,354)
(1,994,708)	-	(1,994,708)	-	(1,994,708)
(5,567,955)	-	(5,567,955)	-	(5,567,955)
<u>(155,655,694)</u>	<u>-</u>	<u>(155,655,694)</u>	<u>-</u>	<u>(155,655,694)</u>
-	(5,836,270)	(5,836,270)	-	(5,836,270)
-	(121,449)	(121,449)	-	(121,449)
-	56,074	56,074	-	56,074
-	<u>(5,901,645)</u>	<u>(5,901,645)</u>	-	<u>(5,901,645)</u>
<u>(155,655,694)</u>	<u>(5,901,645)</u>	<u>(161,557,339)</u>	-	<u>(161,557,339)</u>
-	-	-	622,574	622,574
148,940,579	-	148,940,579	-	148,940,579
21,666,541	-	21,666,541	-	21,666,541
1,257,878	-	1,257,878	-	1,257,878
29,414	2,969	32,383	1,943	34,326
171,894,412	2,969	171,897,381	1,943	171,899,324
<u>(2,730,996)</u>	<u>2,730,996</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>169,163,416</u>	<u>2,733,965</u>	<u>171,897,381</u>	<u>1,943</u>	<u>171,899,324</u>
13,507,722	(3,167,680)	10,340,042	624,517	10,964,559
<u>(55,491,252)</u>	<u>10,901,487</u>	<u>(44,589,765)</u>	<u>5,375,291</u>	<u>(39,214,474)</u>
<u>\$ (41,983,530)</u>	<u>\$ 7,733,807</u>	<u>\$ (34,249,723)</u>	<u>\$ 5,999,808</u>	<u>\$ (28,249,915)</u>

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

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	County Capital Improvements	School Capital Improvements	Other Governmental Funds	
<b>Assets:</b>					
Cash and investments	\$ 56,840,188	\$ -	\$ 49,977	\$ 9,114,542	\$ 66,004,707
Accounts receivable, property taxes, net	2,756,834	-	-	140,517	2,897,351
Accounts receivable, federal	570,610	-	-	-	570,610
Accounts receivable, State	10,037,076	1,682,717	-	1,135,331	12,855,124
Accounts receivable, other	585,118	-	-	1,697,404	2,282,522
Inventories	29,242	-	-	-	29,242
Due from other funds	136,625	-	-	-	136,625
Restricted cash and investments	444	12,284,550	8,454,406	-	20,739,400
Total assets	<u>\$ 70,956,137</u>	<u>\$ 13,967,267</u>	<u>\$ 8,504,383</u>	<u>\$ 12,087,794</u>	<u>\$ 105,515,581</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 2,140,835	\$ 1,315,488	\$ 1,390,186	\$ 206,713	\$ 5,053,222
Accrued payroll and withholdings	2,442,787	-	-	-	2,442,787
Accrued liabilities	978,039	-	-	-	978,039
Advances from grantors	-	-	-	28,825	28,825
Prepaid fees	151,711	-	-	-	151,711
Arbitrage payable	-	14,637	24,739	-	39,376
Total liabilities	<u>5,713,372</u>	<u>1,330,125</u>	<u>1,414,925</u>	<u>235,538</u>	<u>8,693,960</u>
<b>Deferred Inflows of Resources:</b>					
Note receivable	-	-	-	1,000,000	1,000,000
Property taxes receivable	2,756,834	-	-	140,517	2,897,351
Prepaid taxes	370,984	-	-	-	370,984
Total deferred inflows of resources	<u>3,127,818</u>	<u>-</u>	<u>-</u>	<u>1,140,517</u>	<u>4,268,335</u>
<b>Fund Balances:</b>					
Non-spendable:					
Inventories	29,242	-	-	-	29,242
Restricted for:					
Stabilization for State statute	12,102,492	1,682,717	-	1,832,735	15,617,944
Restricted, all other	-	12,284,550	8,454,406	4,287,300	25,026,256
Committed	6,001,641	-	-	804,961	6,806,602
Assigned	10,068,343	-	-	3,786,743	13,855,086
Unassigned	33,913,229	(1,330,125)	(1,364,948)	-	31,218,156
Total fund balances	<u>62,114,947</u>	<u>12,637,142</u>	<u>7,089,458</u>	<u>10,711,739</u>	<u>92,553,286</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,956,137</u>	<u>\$ 13,967,267</u>	<u>\$ 8,504,383</u>	<u>\$ 12,087,794</u>	<u>\$ 105,515,581</u>

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

**ORANGE COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<u><b>Total Governmental Funds</b></u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Ending fund balance - governmental funds	\$ 92,553,286
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	106,194,548
Deferred inflows of resources for taxes and special assessments and other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	3,897,351
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.	(2,333,601)
Charges related to advance refunding bond issue	939,543
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.	851,074
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>(244,085,731)</u>
Net position of governmental activities	<u>\$ (41,983,530)</u>

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

## ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	County Capital Improvements	School Capital Improvements	Other Governmental Funds	
<b>Revenues:</b>					
Property taxes	\$ 143,134,890	\$ -	\$ -	\$ 6,249,189	\$ 149,384,079
Sales tax	19,896,974	-	-	3,027,445	22,924,419
Intergovernmental revenues	20,150,227	1,656,217	-	5,406,480	27,212,924
Charges for services	10,390,281	-	-	608,085	10,998,366
Investment earnings	10,440	13,241	2,605	3,015	29,301
Licenses and permits	324,537	-	-	-	324,537
Impact fees	-	-	-	1,811,944	1,811,944
Miscellaneous	642,251	69,699	-	257,704	969,654
Total revenues	<u>194,549,600</u>	<u>1,739,157</u>	<u>2,605</u>	<u>17,363,862</u>	<u>213,655,224</u>
<b>Expenditures:</b>					
Current:					
Governing and management	13,027,305	-	-	-	13,027,305
General services	6,489,317	-	-	1,304,637	7,793,954
Community and environment	6,268,846	-	-	6,666,268	12,935,114
Human services	35,732,832	-	-	502,948	36,235,780
Education	69,657,252	-	-	1,536,329	71,193,581
Public safety	20,369,551	-	-	5,308,965	25,678,516
Culture and recreation	2,395,681	-	-	-	2,395,681
Capital outlay	-	10,409,417	10,519,143	-	20,928,560
Debt service:					
Principal	18,803,953	-	-	-	18,803,953
Interest and fees	6,680,919	-	-	-	6,680,919
Total expenditures	<u>179,425,656</u>	<u>10,409,417</u>	<u>10,519,143</u>	<u>15,319,147</u>	<u>215,673,363</u>
Revenues over (under) expenditures	<u>15,123,944</u>	<u>(8,670,260)</u>	<u>(10,516,538)</u>	<u>2,044,715</u>	<u>(2,018,139)</u>
<b>Other Financing Sources (Uses):</b>					
Installment loan issuances	-	13,577,405	4,971,676	-	18,549,081
Transfers in	1,558,800	697,400	5,268,980	511,156	8,036,336
Transfers out	<u>(9,247,404)</u>	<u>(12,500)</u>	<u>-</u>	<u>(1,546,300)</u>	<u>(10,806,204)</u>
Total other financing sources (uses)	<u>(7,688,604)</u>	<u>14,262,305</u>	<u>10,240,656</u>	<u>(1,035,144)</u>	<u>15,779,213</u>
Net change in fund balances	7,435,340	5,592,045	(275,882)	1,009,571	13,761,074
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>54,679,607</u>	<u>7,045,097</u>	<u>7,365,340</u>	<u>9,702,168</u>	<u>78,792,212</u>
End of year - June 30	<u>\$ 62,114,947</u>	<u>\$ 12,637,142</u>	<u>\$ 7,089,458</u>	<u>\$ 10,711,739</u>	<u>\$ 92,553,286</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, 2014**

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) \$ 13,761,074

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	4,252,146
Depreciation expense	(4,356,690)
Other capital adjustments	(72,435)

Change in deferred inflows of resources (443,500)

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. (252,308)

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. 120,396

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. (20,089,000)

Amortization expense and premium 1,265,208

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. 18,932,054

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. (1,394,744)

The internal service funds are used by management to charge the costs of dental insurance and vehicle replacement costs. 1,785,521

Change in net position of governmental activities \$ 13,507,722

*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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 139,322,422	\$ 139,322,422	\$ 143,134,890	\$ 3,812,468
Sales tax	17,190,148	17,190,148	19,896,974	2,706,826
Intergovernmental revenues	14,210,450	21,041,323	20,150,227	(891,096)
Charges for services	9,526,042	9,601,094	10,390,281	789,187
Investment earnings	105,000	105,000	10,429	(94,571)
Licenses and permits	313,000	313,000	324,537	11,537
Miscellaneous	830,019	866,676	642,251	(224,425)
Total revenues	<u>181,497,081</u>	<u>188,439,663</u>	<u>194,549,589</u>	<u>6,109,926</u>
<b>Expenditures:</b>				
Governing and management	15,791,211	14,818,284	13,027,305	(1,790,979)
General services	6,990,044	7,188,599	6,489,317	(699,282)
Community and environment	6,395,648	6,658,097	6,028,358	(629,739)
Human services	32,286,818	38,207,832	35,732,832	(2,475,000)
Education	69,657,252	69,657,252	69,657,252	-
Public safety	21,450,378	22,669,167	20,369,551	(2,299,616)
Cultural and recreational	2,370,800	2,420,464	2,395,681	(24,783)
Debt service:				
Principal	17,579,399	17,579,399	18,803,953	1,224,554
Interest and fees	8,030,387	8,030,387	6,680,919	(1,349,468)
Total expenditures	<u>180,551,937</u>	<u>187,229,481</u>	<u>179,185,168</u>	<u>(8,044,313)</u>
Revenues over (under) expenditures	<u>945,144</u>	<u>1,210,182</u>	<u>15,364,421</u>	<u>14,154,239</u>
<b>Other Financing Sources (Uses):</b>				
Capital lease issuance	-	483,174	-	(483,174)
Transfers in	1,046,300	1,058,800	1,558,800	500,000
Transfers out	(7,181,562)	(9,372,404)	(9,372,404)	-
Appropriated fund balance	5,190,118	6,620,248	-	(6,620,248)
Total other financing sources (uses)	<u>(945,144)</u>	<u>(1,210,182)</u>	<u>(7,813,604)</u>	<u>(6,603,422)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	7,550,817	<u>\$ 7,550,817</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>54,575,290</u>	
End of year - June 30			<u>\$ 62,126,107</u>	

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

## ORANGE COUNTY, NORTH CAROLINA

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<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>
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 16,157,730	\$ 1,053,460	\$ 113,861	\$ 17,325,051	\$ 1,217,334
Accounts receivable, state	61,900	-	-	61,900	-
Accounts receivable, other	38,768	131,353	-	170,121	-
Restricted cash and investments	-	-	-	-	287,204
Total current assets	<u>16,258,398</u>	<u>1,184,813</u>	<u>113,861</u>	<u>17,557,072</u>	<u>1,504,538</u>
Non-current assets:					
Non-depreciable assets	3,147,916	1,231,027	57,117	4,436,060	-
Capital assets, net of depreciation	<u>4,760,833</u>	<u>5,639,292</u>	<u>2,366,985</u>	<u>12,767,110</u>	<u>1,074,502</u>
Total non-current assets	<u>7,908,749</u>	<u>6,870,319</u>	<u>2,424,102</u>	<u>17,203,170</u>	<u>1,074,502</u>
Total assets	<u>24,167,147</u>	<u>8,055,132</u>	<u>2,537,963</u>	<u>34,760,242</u>	<u>2,579,040</u>
<b>Liabilities and Net Position:</b>					
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	2,532,644	128,220	69,060	2,729,924	46,649
Payroll withholdings	174,524	20,812	-	195,336	-
Accrued liabilities	25,627	-	-	25,627	-
Accrued interest	44,157	31,084	-	75,241	10,845
Insurance claims incurred, but not reported	-	-	-	-	595,970
Due to other funds	-	-	136,625	136,625	-
Prepaid fees	-	169,750	-	169,750	-
Current portion of long-term debt	316,988	633,150	-	950,138	154,151
Compensated absences, current portion	<u>190,621</u>	<u>-</u>	<u>-</u>	<u>190,621</u>	<u>-</u>
Total current liabilities	<u>3,284,561</u>	<u>983,016</u>	<u>205,685</u>	<u>4,473,262</u>	<u>807,615</u>
Non-current liabilities:					
Compensated absences	127,080	-	-	127,080	-
Post-closing liability	13,123,703	-	-	13,123,703	-
OPEB liability	1,527,620	-	-	1,527,620	-
Long-term debt	<u>3,977,790</u>	<u>3,796,980</u>	<u>-</u>	<u>7,774,770</u>	<u>1,257,667</u>
Total non-current liabilities	<u>18,756,193</u>	<u>3,796,980</u>	<u>-</u>	<u>22,553,173</u>	<u>1,257,667</u>
Total liabilities	<u>22,040,754</u>	<u>4,779,996</u>	<u>205,685</u>	<u>27,026,435</u>	<u>2,065,282</u>
<b>Net Position:</b>					
Net investment in capital assets	3,613,971	2,440,189	2,424,102	8,478,262	(50,112)
Unrestricted	<u>(1,487,578)</u>	<u>834,947</u>	<u>(91,824)</u>	<u>(744,455)</u>	<u>563,870</u>
Total net position	<u>\$ 2,126,393</u>	<u>\$ 3,275,136</u>	<u>\$ 2,332,278</u>	<u>\$ 7,733,807</u>	<u>\$ 513,758</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, 2014

	Major		Nonmajor	Total	Total
	Solid Waste Landfill Fund	SportsPlex Fund	Efland Sewer Operating Fund	Enterprise Funds	Internal Service Funds
<b>Operating Revenues:</b>					
Landfill fees	\$ 5,348,912	\$ -	\$ -	\$ 5,348,912	\$ -
Service fees	-	3,191,865	163,324	3,355,189	-
Other	4,031	-	-	4,031	442,751
Employee contributions	-	-	-	-	5,117,791
Total operating revenues	<u>5,352,943</u>	<u>3,191,865</u>	<u>163,324</u>	<u>8,708,132</u>	<u>5,560,542</u>
<b>Operating Expenses:</b>					
Landfill	8,366,710	-	-	8,366,710	-
General and administrative	2,040,828	2,650,711	257,572	4,949,111	68,792
Repairs and maintenance	-	-	29,146	29,146	-
Depreciation	694,509	269,286	87,134	1,050,929	256,057
Post-closing cost	164,391	-	-	164,391	-
Claims expense	-	-	-	-	4,880,643
Total operating expenses	<u>11,266,438</u>	<u>2,919,997</u>	<u>373,852</u>	<u>14,560,287</u>	<u>5,205,492</u>
Operating income (loss)	<u>(5,913,495)</u>	<u>271,868</u>	<u>(210,528)</u>	<u>(5,852,155)</u>	<u>355,050</u>
<b>Non-Operating Revenues (Expenses):</b>					
Investment earnings	2,939	-	30	2,969	113
Interest and fees	(197,204)	(215,794)	-	(412,998)	(20,332)
Grant - State	274,429	-	-	274,429	-
Proceeds from sale of capital assets	89,079	-	-	89,079	-
Total non-operating revenues (expenses)	<u>169,243</u>	<u>(215,794)</u>	<u>30</u>	<u>(46,521)</u>	<u>(20,219)</u>
Income (loss) before contributions and transfers	<u>(5,744,252)</u>	<u>56,074</u>	<u>(210,498)</u>	<u>(5,898,676)</u>	<u>334,831</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>1,869,496</u>	<u>758,450</u>	<u>103,050</u>	<u>2,730,996</u>	<u>38,872</u>
Total other financing sources (uses)	<u>1,869,496</u>	<u>758,450</u>	<u>103,050</u>	<u>2,730,996</u>	<u>38,872</u>
Change in net position	(3,874,756)	814,524	(107,448)	(3,167,680)	373,703
<b>Net Position:</b>					
Beginning of year - July 1	<u>6,001,149</u>	<u>2,460,612</u>	<u>2,439,726</u>	<u>10,901,487</u>	<u>140,055</u>
End of year - June 30	<u>\$ 2,126,393</u>	<u>\$ 3,275,136</u>	<u>\$ 2,332,278</u>	<u>\$ 7,733,807</u>	<u>\$ 513,758</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, 2014

	Major		Nonmajor	Total	Total
	Solid Waste Landfill Fund	SportsPlex Fund	Efland Sewer Operating Fund	Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers	\$ 5,487,007	\$ 3,191,842	\$ -	\$ 8,678,849	\$ 170,789
Cash received from assessments	-	-	163,324	163,324	-
Cash received from employee contributions	-	-	-	-	5,389,753
Cash paid to employees	(892,627)	(1,110,564)	-	(2,003,191)	-
Cash paid for goods and services	(7,309,750)	(1,684,899)	(340,352)	(9,335,001)	(622,468)
Cash paid for claims	-	-	-	-	(4,314,379)
Net cash provided (used) by operating activities	<u>(2,715,370)</u>	<u>396,379</u>	<u>(177,028)</u>	<u>(2,496,019)</u>	<u>623,695</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Transfers in	1,869,496	758,450	103,050	2,730,996	38,872
Non-capital grants	<u>274,429</u>	<u>-</u>	<u>-</u>	<u>274,429</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>2,143,925</u>	<u>758,450</u>	<u>103,050</u>	<u>3,005,425</u>	<u>38,872</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Payments related to the acquisition of capital assets	(831,567)	(629,686)	-	(1,461,253)	(827,435)
Proceeds from sale of asset	89,079	-	-	89,079	-
Interest paid on long-term debt	(197,204)	(215,794)	-	(412,998)	(20,332)
Proceeds on debt issuance	-	-	-	-	1,539,919
Payments related to the payment of debt	<u>(558,394)</u>	<u>(471,051)</u>	<u>-</u>	<u>(1,029,445)</u>	<u>(128,101)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,498,086)</u>	<u>(1,316,531)</u>	<u>-</u>	<u>(2,814,617)</u>	<u>564,051</u>
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	<u>2,939</u>	<u>-</u>	<u>30</u>	<u>2,969</u>	<u>113</u>
Net increase (decrease) in cash and cash equivalents	(2,066,592)	(161,702)	(73,948)	(2,302,242)	1,226,731
<b>Cash and Cash Equivalents:</b>					
Beginning of year - July 1	<u>18,224,322</u>	<u>1,215,162</u>	<u>187,809</u>	<u>19,627,293</u>	<u>277,807</u>
End of year - June 30	<u>\$ 16,157,730</u>	<u>\$ 1,053,460</u>	<u>\$ 113,861</u>	<u>\$ 17,325,051</u>	<u>\$ 1,504,538</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ (5,913,495)	\$ 271,868	\$ (210,528)	\$ (5,852,155)	\$ 355,050
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	694,509	269,286	87,134	1,050,929	256,057
Post-closure cost	164,391	-	-	164,391	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	134,064	(5,882)	-	128,182	-
(Increase) decrease in prepaid expenses	-	5,735	-	5,735	-
Increase (decrease) in accounts payable and accrued liabilities	2,151,315	(150,487)	(53,634)	1,947,194	12,588
Increase (decrease) in compensated absences payable	11,427	-	-	11,427	-
Increase (decrease) in unearned revenues	-	5,859	-	5,859	-
Increase (decrease) in other post-employment benefits	42,419	-	-	42,419	-
Net cash provided (used) by operating activities	<u>\$ (2,715,370)</u>	<u>\$ 396,379</u>	<u>\$ (177,028)</u>	<u>\$ (2,496,019)</u>	<u>\$ 623,695</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, 2014**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 1,026,052
Accounts receivable, property taxes, net	317,359
Accounts receivable, other	<u>101,208</u>
Total assets	<u>\$ 1,444,619</u>
<b>Liabilities:</b>	
Accounts payable	\$ 1,366,404
Due to cooperative extension	<u>78,215</u>
Total liabilities	<u>\$ 1,444,619</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, 2014

### 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, 2014

### **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, 2014

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

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

The County reports the following major enterprise funds:

**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 Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County; the DSS Trust Fund that accounts for funds held by the County for subsistence

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 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; the Piedmont Food and Agricultural Processing Center that accounts for the transactions of the Piedmont Food and Agricultural Processing Center located in Hillsborough and is a collaborative effort to expand agricultural and retail food based enterprise business in the four-county area; 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.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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 Community Development Special Revenue Fund, the Grant Projects Special Revenue Fund, the Adoption Enhancement Special Revenue Fund, and the capital projects funds.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 2014:

	<u>Original Budget</u>	<u>Total Amendments</u>	<u>Revised Budget</u>
General Fund	\$ 187,733,499	\$ 11,871,367	\$ 199,604,866
Property Revaluation	191,444	90,270	281,714
Capital Project Funds:			
County Capital Improvements	121,273,653	32,403,469	153,677,122
School Capital Improvements	60,911,441	13,569,406	74,480,847
Special Revenue Funds:			
Impact Fee	-	1,040,000	1,040,000
Community Development	18,754,606	2,990,252	21,744,858
Housing Fund	4,354,033	155,203	4,509,236
Grant Supported Projects	162,437	61,613	224,050
Grant Projects Fund	13,455,878	950,821	14,406,699
Emergency Telephone System	555,811	204,960	760,771
Visitor's Bureau	1,254,727	50,283	1,305,010
Fire Districts	4,712,415	100,000	4,812,415
Adoption Enhancement	544,731	26,559	571,290
Article 46 Sales Tax	3,125,000	2,639,000	5,764,000
Spay and Neuter	76,600	15,601	92,201
Enterprise Funds:			
Solid Waste/Landfill	13,356,471	3,063,159	16,419,630
Efland Sewer Operating	316,050	-	316,050
SportsPlex	1,589,045	-	1,589,045

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

Encumbrances are reported as restricted fund balance at June 30, 2014.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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. The restricted assets in the General Fund represent Property Tax Revaluation Fund money, which is restricted per North Carolina General Statute 153A-150.

Restricted cash at June 30, 2014 consists of the following:

#### Governmental Activities:

##### *General Fund:*

Property Evaluation Fund money	\$	444
--------------------------------	----	-----

##### *County Capital Improvements:*

Unspent debt proceeds	12,284,550
-----------------------	------------

##### *School Capital Improvements:*

Unspent debt proceeds	8,454,406
-----------------------	-----------

##### *Vehicle Replacement Fund:*

Unspent debt proceeds	<u>287,204</u>
-----------------------	----------------

Total governmental activities	<u>\$ 21,026,604</u>
-------------------------------	----------------------

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **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, 2013. On June 30, the end of the fiscal year, property taxes receivable are materially past due and, consequently, cannot be considered a resource with which to pay liabilities of the current period, although the amount due is measurable. Therefore, property taxes receivable are recorded net of an allowance for estimated uncollectible delinquent taxes, with the amount of the net receivable recorded as deferred revenue until collected. These amounts are recorded as revenue in the government-wide statements.

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

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

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

### **Allowances for Doubtful Accounts**

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

### **Concentrations of Credit Risk**

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

### **Inventories and Prepaid Items**

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

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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 Financial 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 a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion – a charge on refunding that has previously been classified as an asset.

In addition to liabilities, the Statement of Financial 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 three items that meet the criterion for this category - prepaid taxes, property taxes receivable, and note receivable.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **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, 2014 amounted to \$5,275,242 for governmental activities and \$317,701 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, 2014 amounted to \$13,817,517 in total, \$12,991,092 of which relates to the governmental funds and \$826,425 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 \$114.5 million incurred for the Orange County and the Chapel Hill-Carrboro City Boards of Education (the "school system"). Under North Carolina law, the County is responsible for providing school system capital funding and has done so using

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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.

### **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.

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

Restricted fund balance at June 30, 2014 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	\$ -	\$ 8,454,406	\$ -	\$ 8,454,406
Governing and management	12,284,550	-	-	12,284,550
Public safety	-	-	1,539,413	1,539,413
Community and environment	-	-	2,747,887	2,747,887
Total	<u>\$ 12,284,550</u>	<u>\$ 8,454,406</u>	<u>\$ 4,287,300</u>	<u>\$ 25,026,256</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.

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

Committed fund balance at June 30, 2014 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Committed:</b>			
Human services	\$ -	\$ 659,102	\$ 659,102
Education	-	113,371	113,371
Governing and management	6,001,641	32,488	6,034,129
Total	<u>\$ 6,001,641</u>	<u>\$ 804,961</u>	<u>\$ 6,806,602</u>

**Assigned Fund Balance**

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

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

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

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

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

Assigned fund balance at June 30, 2014 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Nonmajor Governmental Funds</u>
<b>Assigned:</b>		
Subsequent years' expenditures	\$ 10,068,343	\$ -
Community and environment	-	1,075,872
General services	-	9,154
Education	-	2,701,717
Total	<u>\$ 10,068,343</u>	<u>\$ 3,786,743</u>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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.

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	\$ 62,114,947
Less:	
Inventories	29,242
Stabilization for State statute	<u>12,102,492</u>
Total available fund balance	<u>\$ 49,983,213</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 \$773,063.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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)	\$ 62,126,107
<b>Property Revaluation Fund:</b>	
Revenues:	
Investment earnings	11
Expenditures:	
Community and environment	(240,488)
Transfers in - General Fund	125,000
Fund balance:	
Beginning of year - July 1	<u>104,317</u>
End of year - June 30 (Exhibit D)	<u>\$ 62,114,947</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.

## 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

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014, the County's deposits had a carrying amount of \$32,397,533 and a bank balance of \$33,234,593. Of the bank balance, \$2,299,204 was covered by federal depository insurance, and \$30,935,389 was covered by collateral held under the Pooling Method. Cash on hand was \$6,309.

**Investments**

At June 30, 2014, 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	\$ 72,246,230	N/A	N/A	N/A
Commercial Paper: DCAT, LLC CPDS	<u>1,949,676</u>	<u>1,949,676</u>	N/A	N/A
Total investments	<u>\$ 74,195,906</u>	<u>\$ 1,949,676</u>		

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.

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

- 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, 2014. Investments in the Abbey National LLC, Barclays US Funding, Dealers Cap Access Tr Inc, Deutsche Bank, and FCAR Owner Trust II all carried credit ratings of P-1 and A-1 by Moody's and Standard & Poor's, respectively.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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>
2010	\$ 527,668,995	\$ 30,340,967	\$ 558,009,962
2011	736,317,187	6,313,688	742,630,875
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
Total	<u>\$3,536,078,599</u>	<u>\$ 56,137,131</u>	<u>\$3,592,215,730</u>

### Receivables

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2014 are net of the following allowance for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 1,442,203</u>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 3. Capital Assets

#### Governmental Capital Assets

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

	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance</b>
	<b>July 1, 2013</b>				<b>June 30, 2014</b>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 13,008,016	\$ 69,427	\$ -	\$ -	\$ 13,077,443
Easement	4,949,636	-	-	-	4,949,636
Water Resources, Lake Orange	481,624	-	-	-	481,624
Construction in progress	16,358,712	2,728,663	1,193,081	-	17,894,294
Non-depreciable capital assets	34,797,988	2,798,090	1,193,081	-	36,402,997
 <b>Depreciable Capital Assets:</b>					
Buildings	92,939,044	944,706	-	-	93,883,750
Leasehold improvements	3,411,653	-	-	-	3,411,653
Automotive equipment	8,082,203	103,118	505,861	-	7,679,460
Other equipment	6,798,121	1,599,313	6,652	11,741	8,402,523
Depreciable capital assets	111,231,021	2,647,137	512,513	11,741	113,377,386
 <b>Less Accumulated Depreciation:</b>					
Buildings	27,939,129	2,903,679	-	-	30,842,808
Leasehold improvements	597,040	170,583	-	-	767,623
Automotive equipment	6,951,079	595,958	433,426	-	7,113,611
Other equipment	5,244,736	686,470	6,652	11,741	5,936,295
Total	40,731,984	\$ 4,356,690	\$ 440,078	\$ 11,741	44,660,337
 Depreciable capital assets, net	 70,499,037				 68,717,049
 Governmental activity capital assets, net	 \$ 105,297,025				 \$ 105,120,046
 <b>Internal Service Fund:</b>					
Reported in governmental activities:					
Vehicles	\$ 596,071	\$ 827,435	\$ -	\$ -	\$ 1,423,506
Less accumulated depreciation	92,947	256,057	-	-	349,004
Total capital assets, net	\$ 503,124	\$ 571,378	\$ -	\$ -	\$ 1,074,502
 Total governmental capital assets, net	 \$ 105,800,149				 \$ 106,194,548

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**Governmental Activities:**

General and management	\$ 2,979,087
General services	139,286
Community and environment	80,606
Human services	175,905
Public safety	<u>981,806</u>
Total	<u>\$ 4,356,690</u>

**Internal Service Fund**

General and management	<u>\$ 256,057</u>
------------------------	-------------------

**Proprietary Capital Assets**

The capital assets of the proprietary funds at June 30, 2014 are as follows:

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer</u>	<u>Balance June 30, 2014</u>
<b>Business-Type Activities:</b>					
<b>Solid Waste Landfill:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 1,442,890	\$ -	\$ -	\$ -	\$ 1,442,890
Construction in progress	<u>1,322,081</u>	<u>382,945</u>	<u>-</u>	<u>-</u>	<u>1,705,026</u>
Non-depreciable capital assets	<u>2,764,971</u>	<u>382,945</u>	<u>-</u>	<u>-</u>	<u>3,147,916</u>
<b>Depreciable Capital Assets:</b>					
Land improvements	3,956,457	-	-	-	3,956,457
Buildings	3,681,734	-	-	-	3,681,734
Equipment	<u>9,619,503</u>	<u>448,622</u>	<u>296,289</u>	<u>(11,741)</u>	<u>9,760,095</u>
Depreciable capital assets	<u>17,257,694</u>	<u>448,622</u>	<u>296,289</u>	<u>(11,741)</u>	<u>17,398,286</u>
<b>Less Accumulated Depreciation:</b>					
Land improvements	3,325,642	18,011	-	-	3,343,653
Buildings	842,046	123,588	-	-	965,634
Equipment	<u>8,083,286</u>	<u>552,910</u>	<u>296,289</u>	<u>(11,741)</u>	<u>8,328,166</u>
Total accumulated depreciation	<u>12,250,974</u>	<u>\$ 694,509</u>	<u>\$ 296,289</u>	<u>\$ (11,741)</u>	<u>12,637,453</u>
Depreciable capital assets, net	<u>5,006,720</u>				<u>4,760,833</u>
Solid waste capital assets, net	<u>7,771,691</u>				<u>7,908,749</u>

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	<b>Balance July 1, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance June 30, 2014</b>
<b>SportsPlex:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	407,602	\$ 386,864	\$ -	\$ -	794,466
Construction in progress	387,179	49,382	-	-	436,561
Non-depreciable capital assets	794,781	436,246	-	-	1,231,027
<b>Depreciable Capital Assets:</b>					
Buildings	7,379,139	-	-	-	7,379,139
Equipment	133,445	193,440	-	-	326,885
Depreciable capital assets	7,512,584	193,440	-	-	7,706,024
<b>Less Accumulated Depreciation:</b>					
Buildings	1,675,926	255,401	-	-	1,931,327
Equipment	121,520	13,885	-	-	135,405
Total accumulated depreciation	1,797,446	\$ 269,286	\$ -	\$ -	2,066,732
Depreciable capital assets, net	5,715,138				5,639,292
Total Sportsplex	6,509,919				6,870,319
<b>Efland Sewer:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and right-of-way	57,117	\$ -	\$ -	\$ -	57,117
Non-depreciable capital assets	57,117	-	-	-	57,117
<b>Depreciable Capital Assets:</b>					
Sewer lines	3,707,847	-	-	-	3,707,847
<b>Less Accumulated Depreciation:</b>					
Sewer lines	1,253,728	\$ 87,134	\$ -	\$ -	1,340,862
Depreciable capital assets, net	2,454,119				2,366,985
Efland Sewer capital assets, net	2,511,236				2,424,102
Business-type activities capital assets, net	\$ 16,792,846				\$ 17,203,170

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 4. Construction Commitments

The government has active construction projects as of June 30, 2014. At June 30, 2014, 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	1,518,124
Affordable Housing	2,150,397	658,407
Medicaid Maximization	1,982,807	1,903,835
Efland Sewer Extension	111,251	1,686,989
Central Efland Buckhorn Sewer	3,680,070	1,168,330
Culbreth Science Wing	2,339,779	2,339,779
Southwest Branch Library	56,576	611,501
Total	<u>\$ 10,690,232</u>	<u>\$ 11,005,398</u>

### 5. Pension Plan Obligations

#### Local Governmental Employees' Retirement System

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

**Funding Policy.** Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$2,940,758, \$2,677,262, and \$2,770,835, respectively. The contributions made by the County equaled the required contributions for each year.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	11
Active plan members	<u>85</u>
Total	<u>96</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 18 years. The annual required contribution for the current year was determined as part of the December 31, 2012 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, 2014**

**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	\$	218,599
Interest on net pension obligation		28,906
Adjustment to annual required contribution		<u>(47,101)</u>
Annual pension cost		200,404
Employer contributions made		<u>170,547</u>
Increase (decrease) in net pension obligation		29,857
Net pension obligation:		
Beginning of year - July 1		<u>578,122</u>
End of year - June 30	\$	<u><u>607,979</u></u>

**Three-Year Trend Information**

<b>Year Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2012	\$ 195,629	78.65%	\$ 533,395
2013	206,766	78.37%	578,122
2014	200,404	85.10%	607,979

**Funded 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 and the unfunded actuarial accrued liability (UAAL) was \$2,133,206. The covered payroll (annual payroll of active employees covered by the plan) was \$4,109,125, and the ratio of the UAAL to the covered payroll was 51.91%.

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, 2014

### **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, 2014 were \$206,571, which consisted of \$170,547 from the County and \$36,024 from the law enforcement officers.

### **Register of Deeds’ Supplemental Pension Fund**

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

**Funding Policy.** On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund’s assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County’s required and actual contributions were \$19,768.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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.

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><u>1,144</u></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 13.73% of annual covered payroll. For the current year, the County contributed \$4,321,711, or 11.11%, 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.

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

Annual required contribution	\$ 5,338,651
Interest on net OPEB obligation	4.00%
Adjustments to annual required contribution	<u>43,523</u>
Annual OPEB cost (expense)	5,382,174
Contributions made	<u>4,321,711</u>
Increase (decrease) in net OPEB obligation	1,060,463
Net OPEB obligation:	
Beginning of year - July 1	<u>24,347,559</u>
End of year - June 30	<u>\$ 25,408,022</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2012	\$ 5,409,530	31.93%	\$ 23,318,016
2013	5,616,441	81.67%	24,347,559
2014	5,382,174	80.30%	25,408,022

**Funding Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date the actuarial value of the assets was \$0. 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.

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

In the December 31, 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, 2014, 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 2015.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **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, 2014, 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.

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.

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

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

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**6. Long-Term Obligations**

The following is a summary of transactions affecting the County's long-term obligations for the year ended June 30, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
<b>General Fund:</b>					
General obligation bonds	\$ 86,205,000	\$ -	\$ 9,055,000	\$ 77,150,000	\$ 8,900,000
Installment notes payable	109,542,502	18,549,081	9,313,557	118,778,026	10,201,411
Revolving loan payable	2,099,099	-	435,396	1,663,703	87,563
Bond premium refunding	16,583,769	-	1,265,208	15,318,561	-
Accrued compensated absences	4,928,399	4,555,489	4,208,646	5,275,242	3,165,145
Separation allowance	578,122	200,404	170,547	607,979	-
OPEB liability	22,862,358	5,166,887	4,148,843	23,880,402	-
Total General Fund	<u>242,799,249</u>	<u>28,471,861</u>	<u>28,597,197</u>	<u>242,673,913</u>	<u>22,354,119</u>
<b>Vehicle Replacement Fund:</b>					
Installment notes payable	-	1,539,919	128,101	1,411,818	154,151
Total Vehicle Replacement Fund	<u>-</u>	<u>1,539,919</u>	<u>128,101</u>	<u>1,411,818</u>	<u>154,151</u>
Total governmental activities	<u>\$ 242,799,249</u>	<u>\$ 30,011,780</u>	<u>\$ 28,725,298</u>	<u>\$ 244,085,731</u>	<u>\$ 22,508,270</u>
<b>Business-Type Activities:</b>					
<b>Solid Waste Landfill:</b>					
Installment notes payable	\$ 4,853,172	\$ -	\$ 558,394	\$ 4,294,778	\$ 316,988
Post-closing liability	12,959,312	164,391	-	13,123,703	-
Accrued compensated absences	306,274	276,936	265,509	317,701	190,621
OPEB liability	1,485,201	215,287	172,868	1,527,620	-
Total Solid Waste	<u>19,603,959</u>	<u>656,614</u>	<u>996,771</u>	<u>19,263,802</u>	<u>507,609</u>
<b>Sportsplex:</b>					
Installment notes payable	4,901,181	-	471,051	4,430,130	633,150
Total Sportsplex	<u>4,901,181</u>	<u>-</u>	<u>471,051</u>	<u>4,430,130</u>	<u>633,150</u>
Total business-type activities	<u>\$ 24,505,140</u>	<u>\$ 656,614</u>	<u>\$ 1,467,822</u>	<u>\$ 23,693,932</u>	<u>\$ 1,140,759</u>

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

General long-term debt payable at June 30, 2014 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:

\$29,185,000 2005A Public Improvement Bond, due in annual installments of \$1,000,000 through April 1, 2024; interest at 3.0% to 5.0%	\$ 1,000,000
\$29,365,000 2005B Refunding serial bond, due in annual installments of \$130,000 to \$4,845,000 through April 1, 2019; interest at 3.25% to 5.25%	19,880,000
\$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%	18,825,000
\$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%	24,155,000
\$13,300,000 2012 Refunding serial bond, due in semi-annual installments through April, 30, 2024; interest at 2-4%	<u>13,290,000</u>
Total	<u>\$ 77,150,000</u>

Of the amount serviced by the County's General Fund shown above, \$50,260,459 is considered to be school bond debt.

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

### **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 County anticipates repayment of the loan beginning in fiscal year ending June 30, 2015.

The loan repayment schedule calls for equal principal repayments of \$225,000 annually for 20 years.

\$ 1,663,703

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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	\$ 7,911,551
Installment note payable, due in quarterly payments of \$42,125; interest at 5% through April 27, 2016	337,000
Installment note payable, due in annual payments of \$600,000; interest at 4.39% through December 21, 2021	4,800,000
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, 2032	30,887,887
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, 2032	49,840,856
\$4,136,434 of Qualified School Construction Bonds, due in annual installments of \$275,762 at 0% interest through March 15, 2025	3,033,385
\$9,899,439 of Qualified School Construction Bonds, due in annual installments of \$659,295 at 5.49 % interest through January 27, 2026	3,241,350
Limited obligation bond, due in annual principal payments of \$300,000, with semi-annual interest payments at 3.05% through July 24, 2014	300,000
Installment note payable, due in annual principal payments of \$413,823, with semi-annual interest payments at 3.05% through July 24, 2014.	695,815
Installment note payable, due in annual payments of \$510,000; interest at 1.5% through June 1, 2018	2,040,000
Installment note payable, due in annual payments of \$432,000 to \$500,000; interest at 2.13% through June 1 ,2028	6,513,000
Installment note payable, due in annual payments of \$449,000 to \$1,219,000; interest at 2.423% through February 1, 2029	<u>10,589,000</u>
Total	<u>\$ 120,189,844</u>

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**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	\$ 1,530,634
Limited obligation bond, due in quarterly installments of \$46,187, which includes interest at 3.60% through January 9, 2015	43,400
Installment note payable, due in annual payments of \$110,000; interest at 4.14% through June 26, 2027	<u>2,720,744</u>
Total Solid Waste Landfill Fund	<u>4,294,778</u>

**SportsPlex Fund:**

Certificate of Participation, due in annual payments of \$279,545 to \$301,364; interest at 4% to 5% through April 1, 2026	3,373,650
Installment note payable, due in annual payments of \$75,086; interest at 4.14% through June 26, 2027	<u>1,056,480</u>
Total SportsPlex Fund	<u>4,430,130</u>
Total enterprise funds	<u>8,724,908</u>
Total - all debt	<u>\$ 206,064,752</u>

Of the amount serviced by governmental funds shown above, \$64,252,349 is considered to be school installment debt.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The annual requirements as of June 30, 2014 to amortize outstanding debt and funds available for draw under general obligation bonds, installment purchase contracts, capital leases, exclusive of accrued compensated absences, and the Separation Allowance are as follows:

Year Ending June 30	General Obligation Bonds		State Revolving Loan		Installment Purchase Options		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
<b>Governmental Activities:</b>								
<b>General Fund:</b>								
2015	\$ 8,900,000	\$ 2,858,900	\$ 87,563	\$ 40,844	\$ 10,201,411	\$ 4,770,455	\$ 19,188,974	\$ 7,670,199
2016	8,815,000	11,468,406	87,563	38,694	9,665,902	4,413,013	18,568,465	15,920,113
2017	8,775,000	11,056,956	87,563	36,545	9,249,415	4,076,635	18,111,978	15,170,136
2018	8,720,000	10,601,906	87,563	34,395	10,012,245	3,715,447	18,819,808	14,351,748
2019	8,720,000	10,601,906	87,563	32,245	9,634,933	3,329,555	18,442,496	13,963,706
2020-2024	33,220,000	41,546,024	437,817	128,981	43,535,261	10,924,388	77,193,078	52,599,393
2025-2029	-	-	437,817	75,239	22,455,640	2,885,456	22,893,457	2,960,695
2030-2033	-	-	350,254	21,496	4,023,219	409,660	4,373,473	431,156
Total General Fund	<u>77,150,000</u>	<u>88,134,098</u>	<u>1,663,703</u>	<u>408,439</u>	<u>118,778,026</u>	<u>34,524,609</u>	<u>197,591,729</u>	<u>123,067,146</u>
<b>Internal Service Fund:</b>								
2015	-	-	-	-	154,151	34,192	154,151	34,192
2016	-	-	-	-	154,403	29,577	154,403	29,577
2017	-	-	-	-	154,741	25,925	154,741	25,925
2018	-	-	-	-	155,078	22,266	155,078	22,266
2019	-	-	-	-	120,963	18,600	120,963	18,600
2020-2024	-	-	-	-	348,902	61,304	348,902	61,304
2025-2029	-	-	-	-	323,580	20,976	323,580	20,976
Total Internal Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,411,818</u>	<u>212,840</u>	<u>1,411,818</u>	<u>212,840</u>
Total governmental activities	<u>\$ 77,150,000</u>	<u>\$ 88,134,098</u>	<u>\$ 1,663,703</u>	<u>\$ 408,439</u>	<u>\$ 120,189,844</u>	<u>\$ 34,737,449</u>	<u>\$ 199,003,547</u>	<u>\$ 123,279,986</u>
<b>Business-Type Activities:</b>								
<b>Solid Waste Landfill:</b>								
2015	\$ -	\$ -	\$ -	\$ -	\$ 316,988	\$ 181,717	\$ 316,988	\$ 181,717
2016	-	-	-	-	256,274	166,298	256,274	166,298
2017	-	-	-	-	255,302	156,197	255,302	156,197
2018	-	-	-	-	318,635	144,569	318,635	144,569
2019	-	-	-	-	322,812	130,555	322,812	130,555
2020-2024	-	-	-	-	1,565,579	430,831	1,565,579	430,831
2025-2029	-	-	-	-	953,044	120,659	953,044	120,659
2030-2033	-	-	-	-	306,144	19,739	306,144	19,739
Total Solid Waste	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,294,778</u>	<u>1,350,565</u>	<u>4,294,778</u>	<u>1,350,565</u>
<b>Sportsplex:</b>								
2015	-	-	-	-	633,150	183,292	633,150	183,292
2016	-	-	-	-	631,650	160,295	631,650	160,295
2017	-	-	-	-	630,600	136,995	630,600	136,995
2018	-	-	-	-	74,100	103,502	74,100	103,502
2019	-	-	-	-	70,350	100,613	70,350	100,613
2020-2024	-	-	-	-	1,478,550	432,506	1,478,550	432,506
2025-2029	-	-	-	-	911,730	50,006	911,730	50,006
Total Sportsplex	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,430,130</u>	<u>1,167,209</u>	<u>4,430,130</u>	<u>1,167,209</u>
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,724,908</u>	<u>\$ 2,517,774</u>	<u>\$ 8,724,908</u>	<u>\$ 2,517,774</u>

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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, 2014, 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, 2014 were \$23,900,000.

#### **Advance Refunding**

On December 28, 2012, the County issued \$13,300,000 in 2012 Refunding General Obligation Bonds. A portion of those proceeds were used to advance refund the Series 2005A General Obligation Bonds. The County irrevocably deposited with a trustee, securities that were used to retire the principal and interest of the Series 2005A General Obligation Bonds, as they become due. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. The par value of the defeased Series 2005A General Obligation Bonds at June 30, 2014 was \$20,185,000.

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, 2014 was \$6,625,000.

**Conduit Debt Obligations.** Orange County Industrial Facility and Pollution Control Financing Authority have issued industrial revenue bonds to provide financial assistance to Mebane Packaging Company for economic development purposes. These bonds are secured by the properties financed, as well as by letters of credit and are payable solely from payments received from the private business involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, there is no balance outstanding.

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**7. Deferred Outflows and Inflows of Resources**

The amount of deferred outflows of resources is a charge on refunding of debt of \$939,543.

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
<b>Ad Valorem Taxes:</b>		
Prepaid taxes not yet earned (General Fund)	\$ -	\$ 370,984
Taxes receivable, net (General Fund)	2,756,834	-
Taxes receivable, net (Other Governmental)	140,517	-
Other receivables (Other Governmental Funds)	<u>1,000,000</u>	<u>-</u>
Total	<u>\$ 3,897,351</u>	<u>\$ 370,984</u>

**8. Net Investment in Capital Assets**

Net investment in capital assets, at June 30, 2014 are computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 106,194,548	\$ 17,203,170
Deferred outflows of resources	939,543	-
Less capital debt:		
Gross debt	212,910,290	8,724,908
Less:		
School debt related to assets to which the County does not hold title	(114,512,808)	-
Unexpended debt proceeds, County debt	<u>(12,571,754)</u>	<u>-</u>
Net capital debt	<u>85,825,728</u>	<u>8,724,908</u>
Net investment in capital assets	<u>\$ 21,308,363</u>	<u>\$ 8,478,262</u>

**9. Interfund Balances and Activity**

The following is a schedule of interfund receivable and payable balances as of June 30, 2014:

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

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014:

<b>Transfers to:</b>	<b>Transfers from:</b>			<b>Total</b>
	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Major County Capital Improvements Fund</b>	
Major General Fund	\$ -	\$ 1,546,300	\$ 12,500	\$ 1,558,800
Nonmajor governmental funds	511,156	-	-	511,156
Major County Capital Improvements Fund	697,400	-	-	697,400
Major School Capital Improvements Fund	5,268,980	-	-	5,268,980
Major Solid Waste Landfill	1,869,496	-	-	1,869,496
Major SportsPlex	758,450	-	-	758,450
Nonmajor Enterprise Fund	103,050	-	-	103,050
Internal service funds	38,872	-	-	38,872
<b>Total</b>	<b>\$ 9,247,404</b>	<b>\$ 1,546,300</b>	<b>\$ 12,500</b>	<b>\$ 11,317,360</b>

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.

**10. 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 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, 2014, 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.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 11. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-State public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, crime coverage, and single occurrence losses of \$350,000 for workers' compensation. For health and dental insurance, the County is reinsured 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 2014, a total of \$474,782 and \$3,839,424 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:

	<b>Year Ended</b>
	<b>June 30</b>
	<b>2014</b>
	<hr/>
Unpaid claims:	
Beginning of year - July 1	\$ -
Incurred claims	4,405,861
Claim payments	<u>(3,839,424)</u>
End of year - June 30	<u>\$ 566,437</u>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

	<u>Year Ended June 30</u>	
	<u>2014</u>	<u>2013</u>
Unpaid claims:		
Beginning of year - July 1	\$ 29,706	\$ 26,771
Incurred claims	474,782	475,991
Claim payments	<u>(474,955)</u>	<u>(473,056)</u>
End of year - June 30	<u>\$ 29,533</u>	<u>\$ 29,706</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.

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.

### 12. Jointly Governed Organization

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

**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.

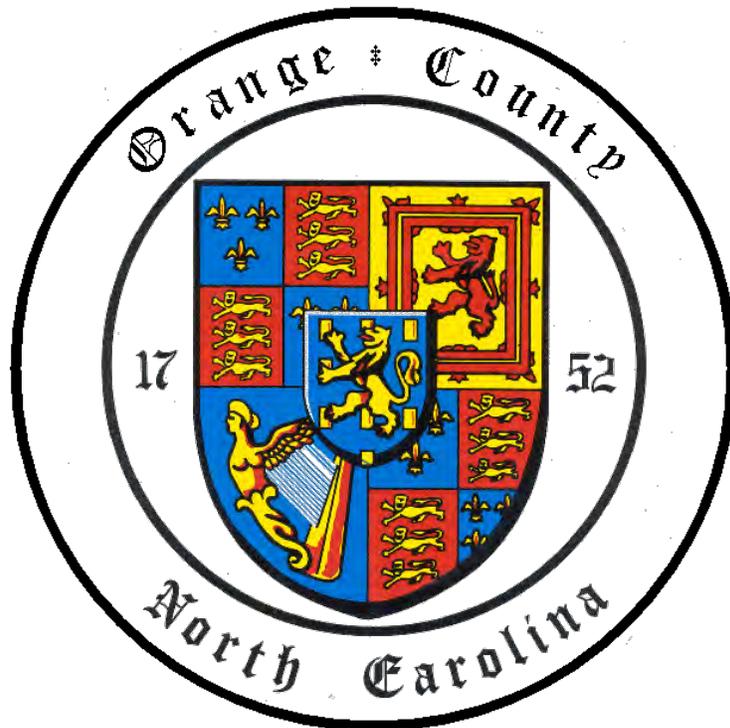
### 13. Joint Ventures

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

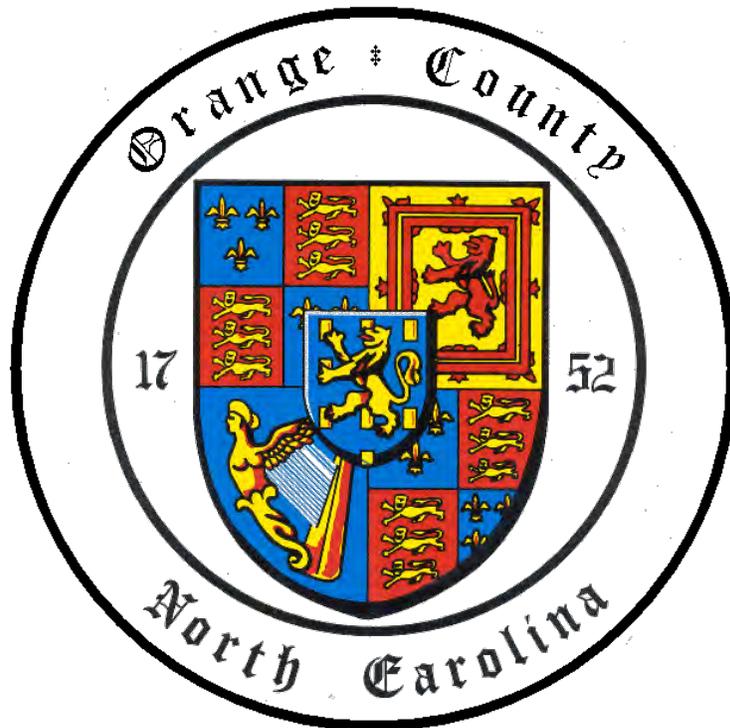
The County makes an annual appropriation to the Authority, but the majority of the funding comes from other sources. During the fiscal year ended June 30, 2014, the County contributed \$1,370,973 to the Authority. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2014. 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.

### 14. Subsequent Event

On July 23, 2014, the County signed a long term debt agreement to issue \$15,140,000 General Obligation Bonds, Series 2015, to refund Series 2005B General Obligation Bonds. These proceeds will be used to perform a current refunding of Series 2005B General Obligation Bonds on April 1, 2015. On April 15, 2015, the Series 2005B General Obligation Bonds will have a par value of \$15,035,000. On April 15, 2015 this current refunding will eliminate the Series 2005B General Obligation Bonds from the County's financial statements.



**Required Supplemental Financial Data**



## ORANGE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014

## 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)
12/31/2006	\$ -	\$ 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%

## 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%

## 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 dollar closed
Remaining amortization period	17 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, 2014

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit		Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		(b)	(b - a)				
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

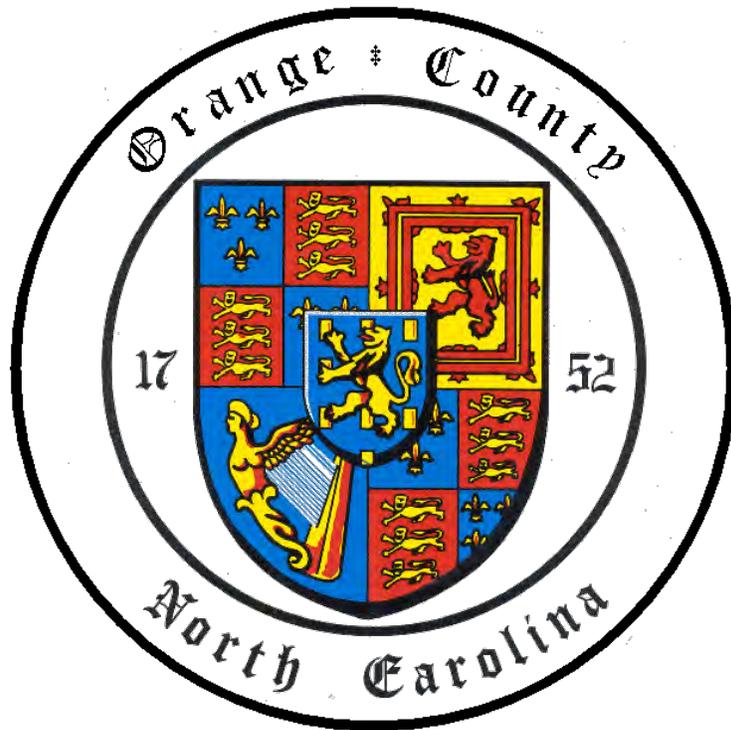
Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
	2008	\$ 8,829,704
2009	5,109,562	19.67%
2010	5,301,171	21.24%
2011	5,075,371	37.52%
2012	5,374,429	32.14%
2013	5,574,758	82.28%
2014	5,338,651	80.95%

## 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

**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, 2014**

	<u>General Fund</u>	<u>Property Revaluation Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
<b>Revenues:</b>				
Property taxes	\$ 143,134,890	\$ -	\$ -	\$ 143,134,890
Sales tax	19,896,974	-	-	19,896,974
Intergovernmental revenues	20,150,227	-	-	20,150,227
Charges for services	10,390,281	-	-	10,390,281
Investment earnings	10,429	11	-	10,440
Licenses and permits	324,537	-	-	324,537
Miscellaneous	642,251	-	-	642,251
Total revenues	<u>194,549,589</u>	<u>11</u>	<u>-</u>	<u>194,549,600</u>
<b>Expenditures:</b>				
Governing and management	13,027,305	-	-	13,027,305
General services	6,489,317	-	-	6,489,317
Community and environment	6,028,358	240,488	-	6,268,846
Human services	35,732,832	-	-	35,732,832
Education	69,657,252	-	-	69,657,252
Public safety	20,369,551	-	-	20,369,551
Culture and recreation	2,395,681	-	-	2,395,681
Debt service:				
Principal	18,803,953	-	-	18,803,953
Interest and fees	6,680,919	-	-	6,680,919
Total expenditures	<u>179,185,168</u>	<u>240,488</u>	<u>-</u>	<u>179,425,656</u>
Revenues over (under) expenditures	<u>15,364,421</u>	<u>(240,477)</u>	<u>-</u>	<u>15,123,944</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,558,800	125,000	(125,000)	1,558,800
Transfers out	<u>(9,372,404)</u>	<u>-</u>	<u>125,000</u>	<u>(9,247,404)</u>
Total other financing sources (uses)	<u>(7,813,604)</u>	<u>125,000</u>	<u>-</u>	<u>(7,688,604)</u>
Net change in fund balance	7,550,817	(115,477)	-	7,435,340
<b>Fund Balance:</b>				
Beginning of year - July 1	<u>54,575,290</u>	<u>104,317</u>	<u>-</u>	<u>54,679,607</u>
End of year - June 30	<u>\$ 62,126,107</u>	<u>\$ (11,160)</u>	<u>\$ -</u>	<u>\$ 62,114,947</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, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Property tax	\$ 138,862,922	\$ 142,233,171	\$ 3,370,249	\$ 137,235,475
Tax penalties and interest	417,500	837,517	420,017	516,458
Gross receipts tax	42,000	64,202	22,202	57,398
Total	<u>139,322,422</u>	<u>143,134,890</u>	<u>3,812,468</u>	<u>137,809,331</u>
<b>Sales Tax:</b>				
Local option sales tax	<u>17,190,148</u>	<u>19,896,974</u>	<u>2,706,826</u>	<u>18,503,027</u>
Total	<u>17,190,148</u>	<u>19,896,974</u>	<u>2,706,826</u>	<u>18,503,027</u>
<b>Intergovernmental Revenues:</b>				
Animal tax	229,000	226,885	(2,115)	251,042
Beer and wine tax	223,600	235,600	12,000	212,286
Federal and State grants	19,427,086	18,514,228	(912,858)	17,874,276
Local grants	575,862	635,194	59,332	455,614
ABC Board law enforcement distribution	145,775	89,435	(56,340)	88,764
ABC Board profit distribution	440,000	448,885	8,885	447,465
Total	<u>21,041,323</u>	<u>20,150,227</u>	<u>(891,096)</u>	<u>19,329,447</u>
<b>Charges for Services:</b>				
Register of Deeds	1,431,909	1,398,805	(33,104)	1,449,688
Collection fees	393,963	353,728	(40,235)	316,517
Inspection fees	522,220	508,357	(13,863)	466,734
Health service fees	1,365,473	1,252,900	(112,573)	949,059
Recreation fees	273,618	343,158	69,540	341,231
Planning fees	123,600	431,768	308,168	135,684
Aging fees	162,934	189,377	26,443	225,560
EMS fees	2,135,650	2,767,531	631,881	2,742,509
Sheriff and court charges	2,428,333	2,355,598	(72,735)	2,347,746
Other charges	763,394	789,059	25,665	713,410
Total	<u>9,601,094</u>	<u>10,390,281</u>	<u>789,187</u>	<u>9,688,138</u>
<b>Investment Earnings</b>	<u>105,000</u>	<u>10,429</u>	<u>(94,571)</u>	<u>30,926</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
<b>Licenses and Permits:</b>				
Privilege licenses	13,000	11,483	(1,517)	11,605
Franchise fees	300,000	313,054	13,054	310,872
Total	313,000	324,537	11,537	322,477
<b>Miscellaneous Revenues:</b>				
Donations	332,194	212,663	(119,531)	282,353
Rent	341,372	345,691	4,319	336,504
Other	193,110	83,897	(109,213)	200,186
Total	866,676	642,251	(224,425)	819,043
Total revenues	188,439,663	194,549,589	6,109,926	186,502,389
<b>Expenditures:</b>				
<b>Governing and Management:</b>				
County commissioners	775,301	763,621	11,680	702,087
County manager	738,699	724,607	14,092	776,518
Animal services	1,871,052	1,749,547	121,505	1,614,804
Human resources	743,850	621,910	121,940	710,156
Financial services	3,337,440	3,276,250	61,190	2,589,156
County Attorney	539,578	511,235	28,343	482,950
Asset management and purchasing	4,539,310	4,106,714	432,596	3,722,766
Non-departmental	2,273,054	1,273,421	999,633	1,682,110
Total	14,818,284	13,027,305	1,790,979	12,280,547
<b>General Services:</b>				
Information systems	2,304,422	1,853,997	450,425	2,000,346
Register of Deeds	914,375	901,840	12,535	838,208
Tax administration	3,052,767	2,780,516	272,251	2,275,646
Elections	712,042	606,209	105,833	670,302
Public Affairs	192,993	162,122	30,871	-
Non-departmental	12,000	184,633	(172,633)	102,405
Total	7,188,599	6,489,317	699,282	5,886,907

**ORANGE COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Final Budget	Actual	Variance Over/Under	Actual
<b>Community and Environment:</b>				
Planning	2,634,944	2,319,075	315,869	2,094,617
DEAPR	3,150,140	3,060,590	89,550	2,925,535
Economic development	427,769	333,271	94,498	325,021
Non-departmental	445,244	315,422	129,822	221,217
Total	<u>6,658,097</u>	<u>6,028,358</u>	<u>629,739</u>	<u>5,566,390</u>
<b>Human Services:</b>				
Social services	22,603,917	20,906,586	1,697,331	19,978,376
Health	9,420,410	9,003,287	417,123	8,737,561
Cooperative extension	374,162	343,232	30,930	331,915
Aging	2,877,166	2,717,650	159,516	2,448,015
Human rights and relations	292,903	206,424	86,479	268,140
Child support enforcement	981,175	936,488	44,687	955,429
Non-departmental	1,658,099	1,619,165	38,934	1,707,706
Total	<u>38,207,832</u>	<u>35,732,832</u>	<u>2,475,000</u>	<u>34,427,142</u>
<b>Education:</b>				
Current expense	65,619,252	65,619,252	-	62,919,350
Capital outlay	3,050,000	3,050,000	-	3,040,000
Non-departmental	988,000	988,000	-	988,000
Total	<u>69,657,252</u>	<u>69,657,252</u>	<u>-</u>	<u>66,947,350</u>
<b>Public Safety:</b>				
Sheriff	12,108,891	11,122,202	986,689	10,856,916
Emergency services	10,088,986	8,823,326	1,265,660	7,748,766
Courts	90,655	48,025	42,630	20,556
Non-departmental	380,635	375,998	4,637	349,337
Total	<u>22,669,167</u>	<u>20,369,551</u>	<u>2,299,616</u>	<u>18,975,575</u>
<b>Cultural and Recreational:</b>				
Library services	1,840,129	1,825,426	14,703	1,674,880
Non-departmental	580,335	570,255	10,080	492,996
Total	<u>2,420,464</u>	<u>2,395,681</u>	<u>24,783</u>	<u>2,167,876</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Principal On Bonds:</b>				
School bond	7,325,081	7,234,871	(90,210)	7,457,790
County bond	1,729,919	1,820,130	90,211	1,472,210
<b>Private Placement:</b>				
Schools	4,339,655	4,366,779	27,124	2,837,447
County	<u>4,184,744</u>	<u>5,382,173</u>	<u>1,197,429</u>	<u>4,499,762</u>
Total	<u>17,579,399</u>	<u>18,803,953</u>	<u>1,224,554</u>	<u>16,267,209</u>
<b>Interest and Fees:</b>				
School bond interest	2,293,595	1,660,148	633,447	2,551,687
County bond interest	1,043,124	976,222	66,902	898,224
School private placement interest	2,674,219	2,950,708	(276,489)	1,316,598
County private placement interest	<u>2,019,449</u>	<u>1,093,841</u>	<u>925,608</u>	<u>3,044,548</u>
Total	<u>8,030,387</u>	<u>6,680,919</u>	<u>1,349,468</u>	<u>7,811,057</u>
Total debt service	<u>25,609,786</u>	<u>25,484,872</u>	<u>124,914</u>	<u>24,078,266</u>
Total expenditures	<u>187,229,481</u>	<u>179,185,168</u>	<u>8,044,313</u>	<u>170,330,053</u>
Revenues over (under) expenditures	<u>1,210,182</u>	<u>15,364,421</u>	<u>14,154,239</u>	<u>16,172,336</u>
<b>Other Financing Sources (Uses):</b>				
Capital lease issuances	483,174	-	(483,174)	-
Transfers in	1,058,800	1,558,800	500,000	1,887,700
Transfers out	(9,372,404)	(9,372,404)	-	(11,198,333)
Appropriated fund balance	<u>6,620,248</u>	<u>-</u>	<u>(6,620,248)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,210,182)</u>	<u>(7,813,604)</u>	<u>(6,603,422)</u>	<u>(9,310,633)</u>
Net change in fund balance	<u>\$ -</u>	<u>7,550,817</u>	<u>\$ 7,550,817</u>	<u>6,861,703</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>54,575,290</u>		<u>47,713,587</u>
End of year - June 30		<u>\$ 62,126,107</u>		<u>\$ 54,575,290</u>

## ORANGE COUNTY, NORTH CAROLINA

**PROPERTY REVALUATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 11	\$ 11
Total revenues	<u>-</u>	<u>11</u>	<u>11</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Property revaluation:			
Personnel services	240,574	226,287	14,287
Operations	<u>41,140</u>	<u>14,201</u>	<u>26,939</u>
Total expenditures	<u>281,714</u>	<u>240,488</u>	<u>41,226</u>
Revenues over (under) expenditures	<u>(281,714)</u>	<u>(240,477)</u>	<u>41,237</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	125,000	125,000	-
Appropriated fund balance	<u>156,714</u>	<u>-</u>	<u>(156,714)</u>
Total other financing sources (uses)	<u>281,714</u>	<u>125,000</u>	<u>(156,714)</u>
Net change in fund balance	<u>\$ -</u>	<u>(115,477)</u>	<u>\$ (115,477)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>104,317</u>	
End of year - June 30		<u>\$ (11,160)</u>	

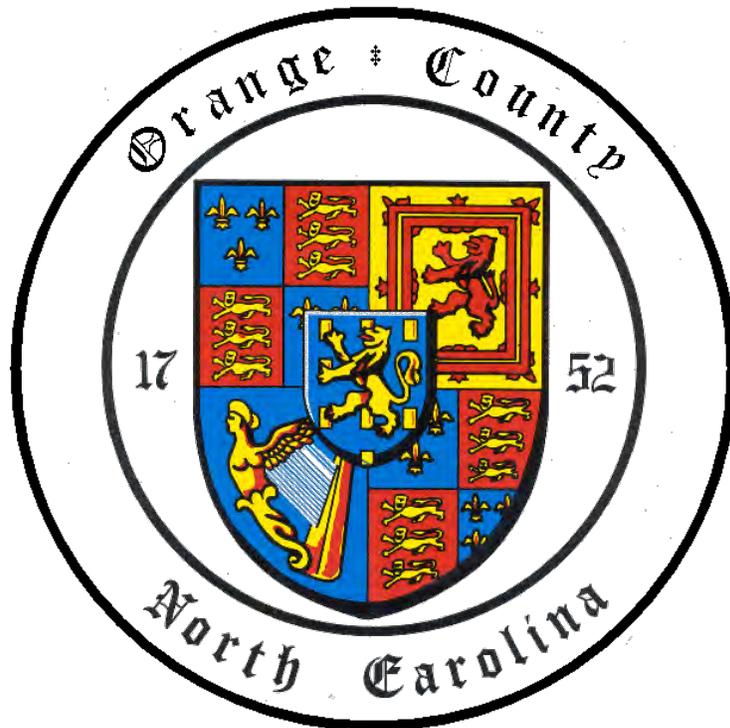
## **Major Governmental Funds**

### **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, 2014

	Budget to Date	Actual		Total to Date
		Reported in Prior Years	Current Year	
<b>Revenues:</b>				
Federal grants	\$ 6,477,333	\$ 4,990,660	\$ 1,656,217	\$ 6,646,877
State grants	7,946,571	5,235,521	-	5,235,521
Investment earnings	2,624,400	3,338,388	13,241	3,351,629
Other	1,622,665	3,406,775	69,699	3,476,474
Total revenues	18,670,969	16,971,344	1,739,157	18,710,501
<b>Expenditures:</b>				
New Hope Creek Preserve	235,000	18,750	75,677	94,427
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	714,545	363,931	31,125	395,056
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	-	-	-
Whitted Human Services Center	1,795,000	2,800	847,265	850,065
Animal services facility	9,168,864	9,157,734	42,538	9,200,272
EMS relocation and meadowlands annex	3,669,214	3,552,307	17,752	3,570,059
County campus, office building, and library	26,899,000	26,890,736	-	26,890,736
County other	497,846	1,449,460	242,571	1,692,031
Blackwood Farm	2,437,435	2,279,170	-	2,279,170
Cedar Grove Park	1,848,000	1,847,999	-	1,847,999
Twin Creeks Park	1,927,620	844,937	-	844,937
Fairview Park	1,606,218	1,606,218	-	1,606,218
Conservation easement	2,028,208	1,705,824	173,958	1,879,782
Homestead Aquatics	-	83,346	-	83,346
Lands Legacy - unallocated	1,493,309	111,290	1,495	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	4,054,128	4,054,616	-	4,054,616
Central recreation repairs	414,441	412,323	2,118	414,441
Millhouse Road Park	258,812	258,712	-	258,712
Recreation and Parks capital maintenance	77,600	-	1,900	1,900
Blackwood Farm Park	50,000	-	-	-
Joint Artificial Turf Soccer (CH)	623,000	-	623,000	623,000
Roofing projects	1,613,100	1,142,904	162,582	1,305,486
Affordable housing	2,978,804	2,036,344	114,053	2,150,397
Information technology	6,149,457	3,855,925	372,711	4,228,636
Register of Deeds' automation enhancement	575,450	246,701	14,384	261,085
Medicaid maximization	4,684,243	1,908,365	74,442	1,982,807
Loan Pool Reserve	275,000	200,000	-	200,000
Efland Sewer extension	1,798,240	111,251	-	111,251
HVAC projects	2,391,423	774,854	1,355,771	2,130,625
ADA compliance	16,058	16,058	-	16,058
Utilities demand reduction systems	130,000	106,055	-	106,055

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, 2014

	Budget to Date	Actual		Total to Date
		Reported in Prior Years	Current Year	
Upfit of County Space - Link Center	1,906,962	1,302,023	86,790	1,388,813
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	-	34,750
Piedmont Food and Agriculture Processing	1,776,225	1,425,285	123,500	1,548,785
Eno EDD	315,000	-	-	-
800 MHz Radios	700,000	473,436	-	473,436
Dental equipment	100,000	74,190	10,704	84,894
Buckhorn EDD Phase 2	4,591,546	619,861	3,883,040	4,502,901
Payroll Software System	329,861	311,100	-	311,100
129 East King Street	145,000	109,991	-	109,991
Central Efland Buckhorn Sewer	4,850,560	3,569,274	110,796	3,680,070
McGowan Creek Outfall	1,975,159	7,740	630,737	638,477
Energy Bank	100,000	-	41,220	41,220
Viper Radio System	1,043,750	-	-	-
Communication System Improvements	2,436,868	744,261	974,417	1,718,678
Lake Orange Capital Maintenance	346,300	189,647	-	189,647
Observation Well Network	11,330	11,297	-	11,297
Jail New Campus	250,000	3,419	56,023	59,442
Historic Rogers Road Community Center	727,400	-	179,932	179,932
Future EMS Stations	50,000	-	6,314	6,314
Southern Orange Campus (Future)	300,000	103,009	152,602	255,611
Southwest Branch Library	700,000	56,576	-	56,576
Interest and fees	1,566,376	948,611	-	948,611
Total expenditures	<u>129,854,659</u>	<u>98,675,562</u>	<u>10,409,417</u>	<u>109,084,979</u>
Revenues over (under) expenditures	<u>(111,183,690)</u>	<u>(81,704,218)</u>	<u>(8,670,260)</u>	<u>(90,374,478)</u>
<b>Other Financing Sources (Uses):</b>				
Bond issuance costs	10,582,170	2,502,871	-	2,502,871
Refunding bonds	20,000,000	132,448,500	-	132,448,500
Bond premium	2,000,000	17,638,520	-	17,638,520
Installment loan issuance	80,586,742	59,567,506	13,577,405	73,144,911
Capital lease issuance	-	2,540,999	-	2,540,999
Payment to escrow agent	(21,500,000)	(141,736,447)	-	(141,736,447)
Transfers in	21,910,341	19,211,630	697,400	19,909,030
Transfers out	(3,742,500)	(3,424,264)	(12,500)	(3,436,764)
Appropriated fund balance	1,346,937	-	-	-
Total other financing sources (uses)	<u>111,183,690</u>	<u>88,749,315</u>	<u>14,262,305</u>	<u>103,011,620</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,045,097</u>	5,592,045	<u>\$ 12,637,142</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>7,045,097</u>	
End of year - June 30			<u>\$ 12,637,142</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, 2014

	Budget to Date	Actual		Total to Date
		Reported in Prior Years	Current Year	
<b>Revenues:</b>				
Investment earnings	\$ 60,000	\$ 628,042	\$ 2,605	\$ 630,647
Sales tax	180,000	87,597	-	87,597
Lottery proceeds	2,892,139	2,959,057	-	2,959,057
Other	-	33,759	-	33,759
Total revenues	<u>3,132,139</u>	<u>3,708,455</u>	<u>2,605</u>	<u>3,711,060</u>
<b>Expenditures:</b>				
<b>Orange County Schools:</b>				
A.L. Stanback Middle School	12,000	-	-	-
Cameron Park Elementary	525,634	524,922	-	524,922
Efland Cheeks Elementary	423,449	389,814	9,138	398,952
Grady Brown Elementary	54,040	54,023	-	54,023
Hillsborough Elementary	362,899	241,878	25,553	267,431
New Hope Elementary renovations	325,000	242,740	2,860	245,600
Handicap Accessibility	156,000	-	674	674
Stanford Middle School	688,065	424,227	75,150	499,377
Orange High School	558,767	554,381	-	554,381
Orange High Track repairs	495,634	495,634	-	495,634
Alternative School	361,720	302,111	4,932	307,043
Indoor air quality	15,000	-	-	-
Central elementary air	174,900	138,601	3,662	142,263
Classroom improvements	3,462,421	2,931,227	298,873	3,230,100
Electrical systems	360,000	170,685	1,975	172,660
Window replacements	685,067	228,131	192,183	420,314
Kitchen renovations project	107,785	-	-	-
Mechanical systems	125,000	14,196	5,116	19,312
Paving / parking lot improvements	88,281	-	80,000	80,000
Electrical service upgrades	33,000	-	-	-
Planning for future projects	300,000	-	-	-
Roofing projects	2,004,000	1,600,001	403,940	2,003,941
Technology plan	2,922,668	1,677,721	671,643	2,349,364
HVAC upgrade/improvements	1,493,961	741,652	698,698	1,440,350
District-wide improvements	247,745	231,154	875	232,029
Bathroom renovations	180,532	83,682	4,777	88,459
Fire/safety upgrades	526,069	263,224	4,367	267,591
Cedar Ridge Auxiliary Gym	3,328,750	-	-	-
Total Orange County Schools	<u>20,018,387</u>	<u>11,310,004</u>	<u>2,484,416</u>	<u>13,794,420</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, 2014

	Budget to Date	Actual		Total to Date
		Reported in Prior Years	Current Year	
<b>Chapel Hill-Carrboro City Schools:</b>				
Elementary #11	23,137,196	20,359,848	2,584,515	22,944,363
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	292,000	38,942	330,942
ADA requirements	242,788	141,371	13,132	154,503
ATH facilities/playgrounds	835,000	590,000	219,247	809,247
Emergency efficiency renovations	350,000	-	84,060	84,060
Classroom/academic improvements	1,160,711	744,553	262,611	1,007,164
Doors, hardware, canopies	203,000	87,610	15,681	103,291
Electrical systems	639,740	427,192	145,454	572,646
Fire, safety, and security	655,000	396,066	153,632	549,698
Indoor air quality	526,340	454,087	28,875	482,962
Mechanical systems	2,261,599	1,637,451	390,221	2,027,672
Mobile classrooms	630,696	458,702	134,241	592,943
Parking lot improvements	320,000	267,913	18,390	286,303
Planning for future projects	450,000	444,575	5,425	450,000
Roofing projects	5,360,009	5,301,880	18,365	5,320,245
Bathroom renovations	193,406	193,406	-	193,406
Technology	7,169,033	5,586,045	1,582,157	7,168,202
Window replacements	353,658	327,484	-	327,484
Culberth Science Wing	4,971,676	-	2,339,779	2,339,779
Total Chapel Hill Carrboro Schools	<u>54,402,460</u>	<u>42,161,661</u>	<u>8,034,727</u>	<u>50,196,388</u>
Other expenditures	<u>60,000</u>	<u>43,215</u>	<u>-</u>	<u>43,215</u>
Total expenditures	<u>74,480,847</u>	<u>53,514,880</u>	<u>10,519,143</u>	<u>64,034,023</u>
Revenues over (under) expenditures	<u>(71,348,708)</u>	<u>(49,806,425)</u>	<u>(10,516,538)</u>	<u>(60,322,963)</u>
<b>Other Financing Sources (Uses):</b>				
Bonds issuance	14,170,874	14,170,873	-	14,170,873
Installment loan insurance	29,800,426	32,426,288	4,971,676	37,397,964
Transfers in	27,329,663	10,574,604	5,268,980	15,843,584
Appropriated fund balance	<u>47,745</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>71,348,708</u>	<u>57,171,765</u>	<u>10,240,656</u>	<u>67,412,421</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,365,340</u>	<u>(275,882)</u>	<u>\$ 7,089,458</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>7,365,340</u>	
End of year - June 30			<u>\$ 7,089,458</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.

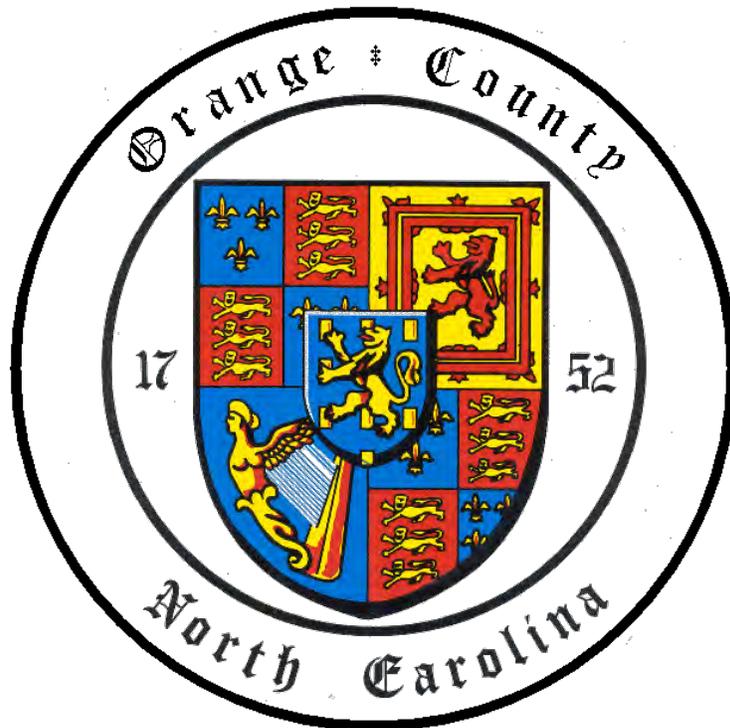
**Library Development Fund** -accounts for donations made by private individuals for use in the County library.

**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, 2014**

	<b>Nonmajor Capital Project Funds</b>	<b>Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Cash and investments	\$ 145,859	\$ 8,968,683	\$ 9,114,542
Account receivable:			
Property taxes, net	-	140,517	140,517
State	-	1,135,331	1,135,331
Other	-	1,697,404	1,697,404
Total assets	<u>\$ 145,859</u>	<u>\$ 11,941,935</u>	<u>\$ 12,087,794</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ 206,713	\$ 206,713
Advances from grantors	-	28,825	28,825
Total liabilities	<u>-</u>	<u>235,538</u>	<u>235,538</u>
<b>Deferred Inflows of Resources:</b>			
Note receivable	-	1,000,000	1,000,000
Property taxes receivable	-	140,517	140,517
Total deferred inflows of resources	<u>-</u>	<u>1,140,517</u>	<u>1,140,517</u>
<b>Fund Balances:</b>			
Restricted for:			
Stabilization for State statute	-	1,832,735	1,832,735
Restricted, all other	-	4,287,300	4,287,300
Committed	145,859	659,102	804,961
Assigned	-	3,786,743	3,786,743
Total fund balances	<u>145,859</u>	<u>10,565,880</u>	<u>10,711,739</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 145,859</u>	<u>\$ 11,941,935</u>	<u>\$ 12,087,794</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, 2014**

	<u>Nonmajor Capital Project Funds</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>			
Property taxes	\$ -	\$ 6,249,189	\$ 6,249,189
Article 46 sales tax	-	3,027,445	3,027,445
Intergovernmental revenues	-	5,406,480	5,406,480
Charges for services	-	608,085	608,085
Investment earnings	24	2,991	3,015
Impact fees	-	1,811,944	1,811,944
Miscellaneous	-	257,704	257,704
Total revenues	<u>24</u>	<u>17,363,838</u>	<u>17,363,862</u>
<b>Expenditures:</b>			
Current:			
General services	-	1,304,637	1,304,637
Community and environment	-	6,666,268	6,666,268
Human services	-	502,948	502,948
Education	-	1,536,329	1,536,329
Public safety	-	5,308,965	5,308,965
Total expenditures	<u>-</u>	<u>15,319,147</u>	<u>15,319,147</u>
Revenues over (under) expenditures	<u>24</u>	<u>2,044,691</u>	<u>2,044,715</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	511,156	511,156
Transfer out	-	(1,546,300)	(1,546,300)
Total other financing sources (uses)	<u>-</u>	<u>(1,035,144)</u>	<u>(1,035,144)</u>
Net change in fund balances	24	1,009,547	1,009,571
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>145,835</u>	<u>9,556,333</u>	<u>9,702,168</u>
End of year - June 30	<u>\$ 145,859</u>	<u>\$ 10,565,880</u>	<u>\$ 10,711,739</u>

## ORANGE COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014

	<b>School Capital Reserve Fund</b>	<b>County Capital Reserve Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets:</b>			
Cash and investments	\$ 113,371	\$ 32,488	\$ 145,859
Total assets	<u>\$ 113,371</u>	<u>\$ 32,488</u>	<u>\$ 145,859</u>
<b>Fund Balances:</b>			
Committed:			
Education	\$ 113,371	\$ -	\$ 113,371
Governing and management	<u>-</u>	<u>32,488</u>	<u>32,488</u>
Total fund balances	<u>113,371</u>	<u>32,488</u>	<u>145,859</u>
Total liabilities and fund balances	<u>\$ 113,371</u>	<u>\$ 32,488</u>	<u>\$ 145,859</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, 2014**

	<b>School Capital Reserve Fund</b>	<b>County Capital Reserve Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Investment earnings	\$ 19	\$ 5	\$ 24
Total revenues	<u>19</u>	<u>5</u>	<u>24</u>
Net change in fund balances	19	5	24
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>113,352</u>	<u>32,483</u>	<u>145,835</u>
End of year - June 30	<u>\$ 113,371</u>	<u>\$ 32,488</u>	<u>\$ 145,859</u>

## ORANGE COUNTY, NORTH CAROLINA

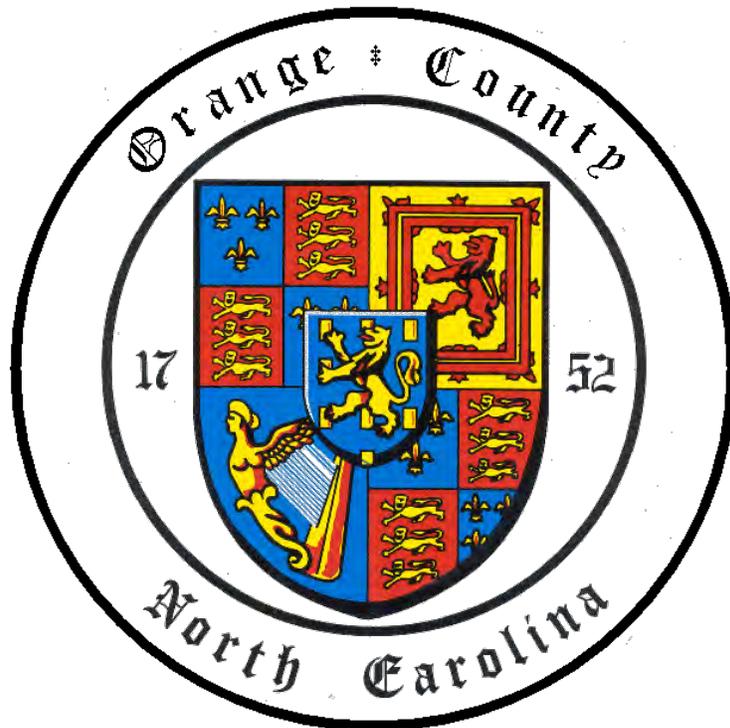
**SCHOOL CAPITAL RESERVE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 19	\$ 19
Total revenues	<u>-</u>	<u>19</u>	<u>19</u>
Net change in fund balance	<u>\$ -</u>	<u>19</u>	<u>\$ 19</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>113,352</u>	
End of year - June 30		<u>\$ 113,371</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 5	\$ 5
Total revenues	<u>-</u>	<u>5</u>	<u>5</u>
Net change in fund balance	<u>\$ -</u>	<u>5</u>	<u>\$ 5</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>32,483</u>	
End of year - June 30		<u>\$ 32,488</u>	



**ORANGE COUNTY, NORTH CAROLINA**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014**

	<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>
<b>Assets:</b>							
Cash and investments	\$ 2,701,717	\$ 140,620	\$ 294,597	\$ 92,258	\$ 634,461	\$ 876,841	\$ 583,376
Account receivable:							
Property taxes, net	-	-	-	-	-	-	-
State	-	-	-	-	13,696	40,502	-
Other	<u>277,015</u>	<u>1,197,750</u>	<u>9,278</u>	<u>37,779</u>	<u>50,757</u>	<u>-</u>	<u>124,825</u>
Total assets	<u>\$ 2,978,732</u>	<u>\$ 1,338,370</u>	<u>\$ 303,875</u>	<u>\$ 130,037</u>	<u>\$ 698,914</u>	<u>\$ 917,343</u>	<u>\$ 708,201</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ -	\$ 7,540	\$ 22,184	\$ 13,811	\$ 18,631	\$ 14,359	\$ 37,079
Advances from grantors	-	-	-	28,825	-	-	-
Total liabilities	<u>-</u>	<u>7,540</u>	<u>22,184</u>	<u>42,636</u>	<u>18,631</u>	<u>14,359</u>	<u>37,079</u>
<b>Deferred Inflows of Resources:</b>							
Note receivable	-	1,000,000	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>							
Restricted:							
Stabilization by State statute	277,015	197,750	9,278	37,779	64,453	40,502	124,825
Restricted, all other	-	-	34,109	49,622	-	862,482	546,297
Committed	-	-	-	-	615,830	-	-
Assigned	<u>2,701,717</u>	<u>133,080</u>	<u>238,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,978,732</u>	<u>330,830</u>	<u>281,691</u>	<u>87,401</u>	<u>680,283</u>	<u>902,984</u>	<u>671,122</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,978,732</u>	<u>\$ 1,338,370</u>	<u>\$ 303,875</u>	<u>\$ 130,037</u>	<u>\$ 698,914</u>	<u>\$ 917,343</u>	<u>\$ 708,201</u>

Schedule D-1

<u>Local Fire Districts</u>	<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>
\$ 676,931	\$ 9,154	\$ 139,943	\$ 43,498	\$ 484,569	\$ 2,195,653	\$ 95,065	\$ 8,968,683
140,517	-	-	-	-	-	-	140,517
31,326	-	-	-	-	1,049,807	-	1,135,331
-	-	-	-	-	-	-	1,697,404
<u>\$ 848,774</u>	<u>\$ 9,154</u>	<u>\$ 139,943</u>	<u>\$ 43,498</u>	<u>\$ 484,569</u>	<u>\$ 3,245,460</u>	<u>\$ 95,065</u>	<u>\$ 11,941,935</u>
\$ -	\$ -	\$ -	\$ 226	\$ -	\$ 77,794	\$ 15,089	\$ 206,713
-	-	-	-	-	-	-	28,825
-	-	-	226	-	77,794	15,089	235,538
-	-	-	-	-	-	-	1,000,000
140,517	-	-	-	-	-	-	140,517
<u>140,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140,517</u>
31,326	-	-	-	-	1,049,807	-	1,832,735
676,931	-	-	-	-	2,117,859	-	4,287,300
-	-	-	43,272	-	-	-	659,102
-	9,154	139,943	-	484,569	-	79,976	3,786,743
<u>708,257</u>	<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>10,565,880</u>
<u>\$ 848,774</u>	<u>\$ 9,154</u>	<u>\$ 139,943</u>	<u>\$ 43,498</u>	<u>\$ 484,569</u>	<u>\$ 3,245,460</u>	<u>\$ 95,065</u>	<u>\$ 11,941,935</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, 2014**

	<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>
<b>Revenues:</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,257,878
Article 46 sales tax	-	-	-	-	-	-	-
Intergovernmental revenues	-	1,284,680	3,417,587	118,051	555,436	-	30,726
Charges for services	-	-	-	64,910	-	486,111	-
Investment earnings	446	15	79	-	-	135	723
Impact fees	1,811,944	-	-	-	-	-	-
Miscellaneous	-	47,241	-	-	-	-	188,683
Total revenues	<u>1,812,390</u>	<u>1,331,936</u>	<u>3,417,666</u>	<u>182,961</u>	<u>555,436</u>	<u>486,246</u>	<u>1,478,010</u>
<b>Expenditures:</b>							
Current:							
General services	-	1,304,637	-	-	-	-	-
Community and environment	-	-	3,946,576	220,822	-	-	1,308,459
Human services	-	-	-	-	469,239	-	-
Education	-	-	-	-	-	-	-
Public safety	-	-	-	-	109,075	391,692	-
Total expenditures	<u>-</u>	<u>1,304,637</u>	<u>3,946,576</u>	<u>220,822</u>	<u>578,314</u>	<u>391,692</u>	<u>1,308,459</u>
Revenues over (under) expenditures	<u>1,812,390</u>	<u>27,299</u>	<u>(528,910)</u>	<u>(37,861)</u>	<u>(22,878)</u>	<u>94,554</u>	<u>169,551</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	234,989	238,304	37,863	-	-	-
Transfer out	<u>(1,540,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,540,000)</u>	<u>234,989</u>	<u>238,304</u>	<u>37,863</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	272,390	262,288	(290,606)	2	(22,878)	94,554	169,551
<b>Fund Balances:</b>							
Beginning of year - July 1	<u>2,706,342</u>	<u>68,542</u>	<u>572,297</u>	<u>87,399</u>	<u>703,161</u>	<u>808,430</u>	<u>501,571</u>
End of year - June 30	<u>\$ 2,978,732</u>	<u>\$ 330,830</u>	<u>\$ 281,691</u>	<u>\$ 87,401</u>	<u>\$ 680,283</u>	<u>\$ 902,984</u>	<u>\$ 671,122</u>

Schedule D-2

Local Fire Districts	Heusner	Library Development	Adoption Enhancement	Recreation Subdivision	Article 46 Sales Tax	Spay Neuter	Total Nonmajor Special Revenue Funds
\$ 4,991,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,249,189
-	-	-	-	-	3,027,445	-	3,027,445
-	-	-	-	-	-	-	5,406,480
-	-	-	26,119	-	-	30,945	608,085
101	-	931	8	78	459	16	2,991
-	-	-	-	-	-	-	1,811,944
-	-	-	-	6,370	-	15,410	257,704
<u>4,991,412</u>	<u>-</u>	<u>931</u>	<u>26,127</u>	<u>6,448</u>	<u>3,027,904</u>	<u>46,371</u>	<u>17,363,838</u>
-	-	-	-	-	-	-	1,304,637
-	-	-	-	-	1,126,944	63,467	6,666,268
-	-	-	33,709	-	-	-	502,948
-	-	-	-	-	1,536,329	-	1,536,329
<u>4,808,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,308,965</u>
<u>4,808,198</u>	<u>-</u>	<u>-</u>	<u>33,709</u>	<u>-</u>	<u>2,663,273</u>	<u>63,467</u>	<u>15,319,147</u>
<u>183,214</u>	<u>-</u>	<u>931</u>	<u>(7,582)</u>	<u>6,448</u>	<u>364,631</u>	<u>(17,096)</u>	<u>2,044,691</u>
-	-	-	-	-	-	-	511,156
-	-	-	-	-	-	(6,300)	(1,546,300)
-	-	-	-	-	-	(6,300)	(1,035,144)
<u>183,214</u>	<u>-</u>	<u>931</u>	<u>(7,582)</u>	<u>6,448</u>	<u>364,631</u>	<u>(23,396)</u>	<u>1,009,547</u>
<u>525,043</u>	<u>9,154</u>	<u>139,012</u>	<u>50,854</u>	<u>478,121</u>	<u>2,803,035</u>	<u>103,372</u>	<u>9,556,333</u>
<u>\$ 708,257</u>	<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>\$ 10,565,880</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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Impact Fees:</b>			
Fees - Orange County Schools	\$ 770,000	\$ 874,549	\$ 104,549
Fees - Chapel Hill, Carrboro	<u>770,000</u>	<u>937,395</u>	<u>167,395</u>
Total impact fees	<u>1,540,000</u>	<u>1,811,944</u>	<u>271,944</u>
<b>Investments Earnings:</b>			
Orange County Schools	-	213	213
Chapel Hill-Carrboro City Schools	<u>-</u>	<u>233</u>	<u>233</u>
Total investment earnings	<u>-</u>	<u>446</u>	<u>446</u>
Total revenues	<u>1,540,000</u>	<u>1,812,390</u>	<u>272,390</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(1,540,000)</u>	<u>(1,540,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,540,000)</u>	<u>(1,540,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>272,390</u>	<u>\$ 272,390</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>2,706,342</u>	
End of year - June 30		<u>\$ 2,978,732</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, 2014**

	Budget to Date	Actual		Total to Date
		Reported in Prior Year	Current Year	
<b>Revenues:</b>				
HUD grants	\$ 11,266,033	\$ 9,563,716	\$ 992,712	\$ 10,556,428
CDBG grants:				
Scattered site	400,000	268,626	82,631	351,257
Economic recovery	500,000	397,971	86,029	484,000
HOME partnership	811,378	803,600	-	803,600
IDA	95,000	65,000	-	65,000
Hookup Grant	75,000	61,223	-	61,223
Investment earnings	1,000	8,394	15	8,409
Program income - HOME	1,946,749	1,158,455	123,308	1,281,763
Other	692,460	556,211	47,241	603,452
Total revenues	<u>15,787,620</u>	<u>12,883,196</u>	<u>1,331,936</u>	<u>14,215,132</u>
<b>Expenditures:</b>				
<b>General Services:</b>				
Administration	-	1,632,042	-	1,632,042
Administration - IDA	170,000	192,144	-	192,144
Rehabilitation	2,333,832	5,893,610	151,362	6,044,972
Rehabilitation - HOME partnership	479,950	750,288	75,675	825,963
Rehabilitation - scattered site	800,000	299,998	98,849	398,847
Rehabilitation - economic recovery	500,000	316,824	176,839	493,663
Affordable housing - impact fee reimbursement	990,653	3,438,697	-	3,438,697
Affordable housing - HOME partnership	13,499,707	3,680,120	801,912	4,482,032
Public facilities improvement - HOME partnership	803,600	197,098	-	197,098
Administration - Hookup	75,000	61,219	-	61,219
Total expenditures	<u>19,652,742</u>	<u>16,462,040</u>	<u>1,304,637</u>	<u>17,766,677</u>
Revenues over (under) expenditures	<u>(3,865,122)</u>	<u>(3,578,844)</u>	<u>27,299</u>	<u>(3,551,545)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,923,272	4,434,477	234,989	4,669,466
Transfers out	(2,072,116)	(787,091)	-	(787,091)
Appropriated fund balance	13,966	-	-	-
Total other financing sources (uses)	<u>3,865,122</u>	<u>3,647,386</u>	<u>234,989</u>	<u>3,882,375</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 68,542</u>	<u>262,288</u>	<u>\$ 330,830</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>68,542</u>	
End of year - June 30			<u>\$ 330,830</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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Federal grants:			
Housing vouchers	\$ 4,256,839	\$ 3,417,587	\$ (839,252)
Investment earnings	-	79	79
Miscellaneous	14,093	-	(14,093)
Total revenues	<u>4,270,932</u>	<u>3,417,666</u>	<u>(853,266)</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Housing vouchers:			
Administration	494,398	519,822	(25,424)
Assistance payments	<u>4,014,838</u>	<u>3,426,754</u>	<u>588,084</u>
Total expenditures	<u>4,509,236</u>	<u>3,946,576</u>	<u>562,660</u>
Revenues over (under) expenditures	<u>(238,304)</u>	<u>(528,910)</u>	<u>(290,606)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in (out)	<u>238,304</u>	<u>238,304</u>	<u>-</u>
Total other financing sources (uses)	<u>238,304</u>	<u>238,304</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(290,606)</u>	<u>\$ (290,606)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>572,297</u>	
End of year - June 30		<u>\$ 281,691</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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Health grants	\$ 65,574	\$ 67,233	\$ 1,659
Aging	50,406	50,818	412
Charges for services	<u>64,000</u>	<u>64,910</u>	<u>910</u>
Total revenues	<u>179,980</u>	<u>182,961</u>	<u>2,981</u>
<b>Expenditures:</b>			
<b>Health:</b>			
Operating	950	90	860
<b>Aging:</b>			
Personnel services	123,523	127,749	(4,226)
Operating	<u>99,577</u>	<u>92,983</u>	<u>6,594</u>
Total expenditures	<u>224,050</u>	<u>220,822</u>	<u>3,228</u>
Revenues over (under) expenditures	<u>(44,070)</u>	<u>(37,861)</u>	<u>6,209</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	37,863	37,863	-
Appropriated fund balance	<u>6,207</u>	<u>-</u>	<u>(6,207)</u>
Total other financing sources (uses)	<u>44,070</u>	<u>37,863</u>	<u>(6,207)</u>
Net change in fund balance	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>87,399</u>	
End of year - June 30		<u>\$ 87,401</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, 2014

	Budget to Date	Actual		Total to Date
		Reported in Prior Year	Current Year	
<b>Revenues:</b>				
Social Services grants	\$ 1,654,326	\$ 1,275,269	\$ 74,976	\$ 1,350,245
Health grants	3,098,358	2,291,020	104,151	2,395,171
Cooperative extension	731,556	202,413	244,148	446,561
Aging	473,526	(363)	-	(363)
Emergency management grants	3,069,223	1,530,374	132,161	1,662,535
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>12,866,119</u>	<u>8,858,473</u>	<u>555,436</u>	<u>9,413,909</u>
<b>Expenditures:</b>				
<b>Community and Environment:</b>				
Operating	-	50,873	-	50,873
<b>Social Services:</b>				
Personnel services	649,895	256,259	167,562	423,821
Operating	1,240,218	880,370	204,115	1,084,485
<b>Health:</b>				
Personnel services	2,008,587	1,625,182	81,024	1,706,206
Operating	1,448,205	667,974	16,538	684,512
<b>Cooperative extension:</b>				
Personnel services	143,669	162,470	-	162,470
Operating	218,302	144,803	-	144,803
<b>Aging:</b>				
Personnel services	239,327	-	-	-
Operating	234,199	17,806	-	17,806
<b>EMS:</b>				
Personnel services	-	87,782	-	87,782
Operating	3,407,513	3,297,798	100,038	3,397,836
<b>Sheriff:</b>				
Personnel services	2,148,067	209,729	-	209,729
Operating	1,373,859	1,033,733	760	1,034,493
<b>Planning:</b>				
Personnel services	538,077	305,472	-	305,472
Operating	562,799	372,380	8,277	380,657
CDBG NC Tomorrow grant - operating	50,000	50,883	-	50,883
<b>Library:</b>				
Operating	15,113	15,099	-	15,099
Total expenditures	<u>14,277,830</u>	<u>9,178,613</u>	<u>578,314</u>	<u>9,756,927</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, 2014**

	<b>Budget to Date</b>	<b>Actual</b>		<b>Total to Date</b>
		<b>Reported in Prior Year</b>	<b>Current Year</b>	
Revenues over (under) expenditures	<u>(1,411,711)</u>	<u>(320,140)</u>	<u>(22,878)</u>	<u>(343,018)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to General Fund	(120,048)	(24,917)	-	(24,917)
Transfers in	<u>1,531,759</u>	<u>1,048,218</u>	-	<u>1,048,218</u>
Total other financing sources (uses)	<u>1,411,711</u>	<u>1,023,301</u>	-	<u>1,023,301</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 703,161</u>	(22,878)	<u>\$ 680,283</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>703,161</u>	
End of year - June 30			<u>\$ 680,283</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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 135	\$ 135
Subscriber fees	486,022	486,111	89
Total revenues	<u>486,022</u>	<u>486,246</u>	<u>224</u>
<b>Expenditures:</b>			
Personnel services	154,797	128,681	26,116
Operations	519,189	263,011	256,178
Capital outlay	86,785	-	86,785
Total expenditures	<u>760,771</u>	<u>391,692</u>	<u>369,079</u>
Revenues over (under) expenditures	<u>(274,749)</u>	<u>94,554</u>	<u>(368,855)</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	274,749	-	(274,749)
Total other financing sources (uses)	<u>274,749</u>	<u>-</u>	<u>(274,749)</u>
Net change in fund balance	<u>\$ -</u>	<u>94,554</u>	<u>\$ 94,554</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>808,430</u>	
End of year - June 30		<u>\$ 902,984</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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Occupancy tax	\$ 1,028,000	\$ 1,257,878	\$ 229,878
State Arts Grant	30,726	30,726	-
Investment earnings	1,001	723	(278)
Other	188,683	188,683	-
Total revenues	<u>1,248,410</u>	<u>1,478,010</u>	<u>229,600</u>
<b>Expenditures:</b>			
Community and environment			
Operations	895,539	878,384	17,155
Personnel services	407,000	428,020	(21,020)
Capital outlay	2,471	2,055	416
Total expenditures	<u>1,305,010</u>	<u>1,308,459</u>	<u>(3,449)</u>
Revenues over (under) expenditures	<u>(56,600)</u>	<u>169,551</u>	<u>226,151</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>56,600</u>	-	<u>(56,600)</u>
Total other financing sources (uses)	<u>56,600</u>	-	<u>(56,600)</u>
Net change in fund balance	<u>\$ -</u>	169,551	<u>\$ 169,551</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>501,571</u>	
End of year - June 30		<u>\$ 671,122</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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Property taxes, current	\$ 4,672,256	\$ 4,922,708	\$ 250,452
Property taxes, delinquent	39,505	68,603	29,098
Investment earnings	654	101	(553)
Total revenues	<u>4,712,415</u>	<u>4,991,412</u>	<u>278,997</u>
<b>Expenditures:</b>			
<b>Public Safety:</b>			
Remittance to fire districts	4,812,415	4,808,198	4,217
Total expenditures	<u>4,812,415</u>	<u>4,808,198</u>	<u>4,217</u>
Revenues over (under) expenditures	<u>(100,000)</u>	<u>183,214</u>	<u>283,214</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	100,000	-	(100,000)
Total other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>183,214</u>	<u>\$ 183,214</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>525,043</u>	
End of year - June 30		<u>\$ 708,257</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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ -	\$ -
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>9,154</u>	
End of year - June 30		<u>\$ 9,154</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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 931	\$ 931
Net change in fund balance	<u>\$ -</u>	931	<u>\$ 931</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>139,012</u>	
End of year - June 30		<u>\$ 139,943</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, 2014**

	Budget to Date	Reported in Prior Year	Actual Current Year	Total to Date
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 17,211	\$ 8	\$ 17,219
Charges for services	494,345	477,811	26,119	503,930
Total revenues	<u>494,345</u>	<u>495,022</u>	<u>26,127</u>	<u>521,149</u>
<b>Expenditures:</b>				
Adoption enhancement	571,290	521,113	33,709	554,822
Total expenditures	<u>571,290</u>	<u>521,113</u>	<u>33,709</u>	<u>554,822</u>
Revenues over (under) expenditures	<u>(76,945)</u>	<u>(26,091)</u>	<u>(7,582)</u>	<u>(33,673)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	76,945	76,945	-	76,945
Total other financing sources (uses)	<u>76,945</u>	<u>76,945</u>	<u>-</u>	<u>76,945</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 50,854</u>	<u>(7,582)</u>	<u>\$ 43,272</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>50,854</u>	
End of year - June 30			<u>\$ 43,272</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 78	\$ 78
Subdivision payments	-	<u>6,370</u>	<u>6,370</u>
Total revenues	-	<u>6,448</u>	<u>6,448</u>
 Net change in fund balance	 <u>\$ -</u>	 6,448	 <u>\$ 6,448</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>478,121</u>	
End of year - June 30		<u>\$ 484,569</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 459	\$ 459
Article 46 sales tax	5,764,000	3,027,445	(2,736,555)
Total revenues	<u>5,764,000</u>	<u>3,027,904</u>	<u>(2,736,096)</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Economic Development	2,882,000	1,126,944	1,755,056
<b>Education:</b>			
Renovation - Chapel Hill Carrboro Schools	500,746	127,631	373,115
Technology - Chapel Hill Carrboro Schools	1,261,371	895,643	365,728
Technology - Chapel Hill Orange County Schools	1,119,883	513,055	606,828
Total expenditures	<u>5,764,000</u>	<u>2,663,273</u>	<u>3,100,727</u>
Net change in fund balance	<u>\$ -</u>	364,631	<u>\$ 364,631</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>2,803,035</u>	
End of year - June 30		<u>\$ 3,167,666</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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 16	\$ 16
Animal tax	31,000	30,945	(55)
Donations	2,500	4,460	1,960
Miscellaneous revenues	<u>25,303</u>	<u>10,950</u>	<u>(14,353)</u>
Total revenues	<u>58,803</u>	<u>46,371</u>	<u>(12,432)</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Personnel services	6,300	5,889	411
Operations	<u>79,601</u>	<u>57,578</u>	<u>22,023</u>
Total expenditures	<u>85,901</u>	<u>63,467</u>	<u>22,434</u>
Revenues over (under) expenditures	<u>(27,098)</u>	<u>(17,096)</u>	<u>10,002</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	33,398	-	(33,398)
Transfer to General Fund	<u>(6,300)</u>	<u>(6,300)</u>	<u>-</u>
Total other financing sources (uses)	<u>27,098</u>	<u>(6,300)</u>	<u>(33,398)</u>
Net change in fund balance	<u>\$ -</u>	<u>(23,396)</u>	<u>\$ (23,396)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>103,372</u>	
End of year - June 30		<u>\$ 79,976</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.

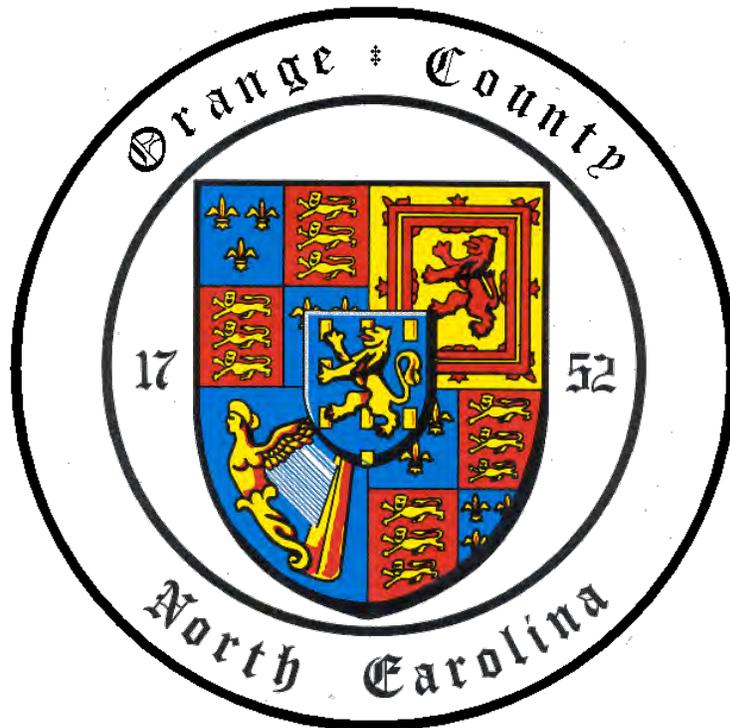
### **Major Enterprise Funds**

**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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Landfill fees	\$ 370,522	\$ 471,788	\$ 101,266
Sanitation fees	1,249,585	1,288,087	38,502
Recycling	3,310,567	3,495,035	184,468
Mulch sales	85,000	94,002	9,002
Grants - State	190,000	274,429	84,429
Other	1,500	4,031	2,531
Investment earnings	25,500	2,939	(22,561)
Gain on disposal of fixed assets	174,000	89,079	(84,921)
Total revenues	<u>5,406,674</u>	<u>5,719,390</u>	<u>312,716</u>
<b>Expenditures:</b>			
Administration	1,732,100	1,998,409	(266,309)
Landfill	5,241,013	2,891,473	2,349,540
Recycling	5,347,512	4,833,669	513,843
Sanitation	2,164,937	1,473,135	691,802
Debt service - principal	635,837	558,394	77,443
Debt service - interest	125,383	205,015	(79,632)
Total expenditures	<u>15,246,782</u>	<u>11,960,095</u>	<u>3,286,687</u>
Revenues over (under) expenditures	<u>(9,840,108)</u>	<u>(6,240,705)</u>	<u>3,599,403</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	3,620,119	1,869,496	(1,750,623)
Capital contributions	2,606,179	-	(2,606,179)
Appropriated fund balance	3,613,810	-	(3,613,810)
Total other financing sources (uses)	<u>9,840,108</u>	<u>1,869,496</u>	<u>(7,970,612)</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ (4,371,209)</u>	<u>\$ (4,371,209)</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (4,371,209)	
Reconciling items:			
Depreciation		(694,509)	
Post-closing cost		(164,391)	
OPEB		(42,419)	
Change in accrued interest		7,811	
Capital outlay		831,567	
Debt service - principal		<u>558,394</u>	
Change in net position		<u>\$ (3,874,756)</u>	

## ORANGE COUNTY, NORTH CAROLINA

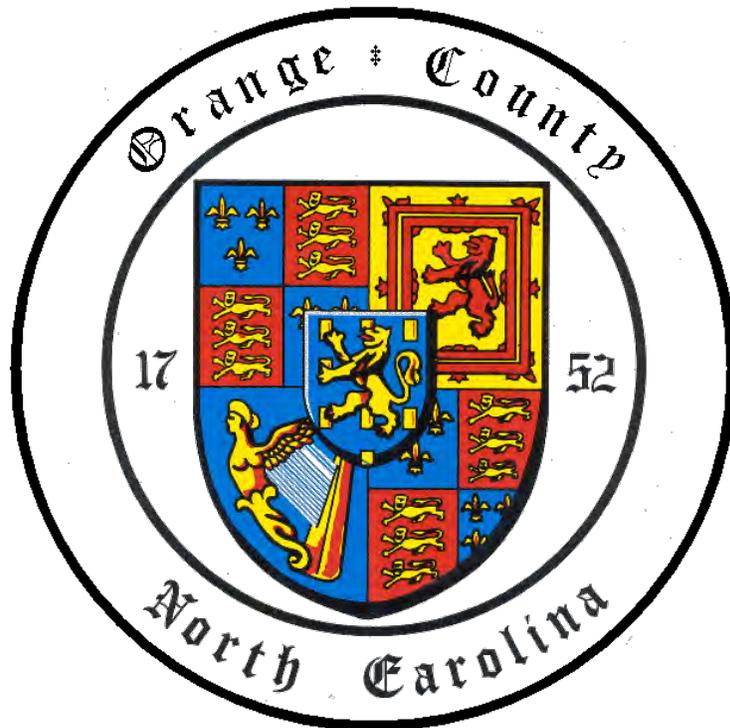
**SPORTSPLEX FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Service fees	\$ 2,882,210	\$ 3,191,865	\$ (309,655)
Total revenues	<u>2,882,210</u>	<u>3,191,865</u>	<u>(309,655)</u>
<b>Expenditures:</b>			
Operations	3,319,381	2,650,711	668,670
Capital outlay	704,524	629,686	74,838
Debt service, principal	376,450	471,051	(94,601)
Debt service, interest	<u>-</u>	<u>212,423</u>	<u>(212,423)</u>
Total operating expenditures	<u>4,400,355</u>	<u>3,963,871</u>	<u>743,508</u>
Revenues over (under) expenditures	<u>(1,518,145)</u>	<u>(772,006)</u>	<u>(1,053,163)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	758,450	758,450	-
Appropriated fund balance	<u>759,695</u>	<u>-</u>	<u>759,695</u>
Total other financing sources (uses)	<u>1,518,145</u>	<u>758,450</u>	<u>759,695</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ (13,556)</u>	<u>\$ (13,556)</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>			
<b>SportsPlex Operating Fund:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ (13,556)</u>	
Reconciling items:			
Depreciation expense		(269,286)	
Capital outlay		629,686	
Debt service		471,051	
Change in accrued interest		<u>(3,371)</u>	
Total reconciling items		<u>828,080</u>	
Change in net position		<u>\$ 814,524</u>	

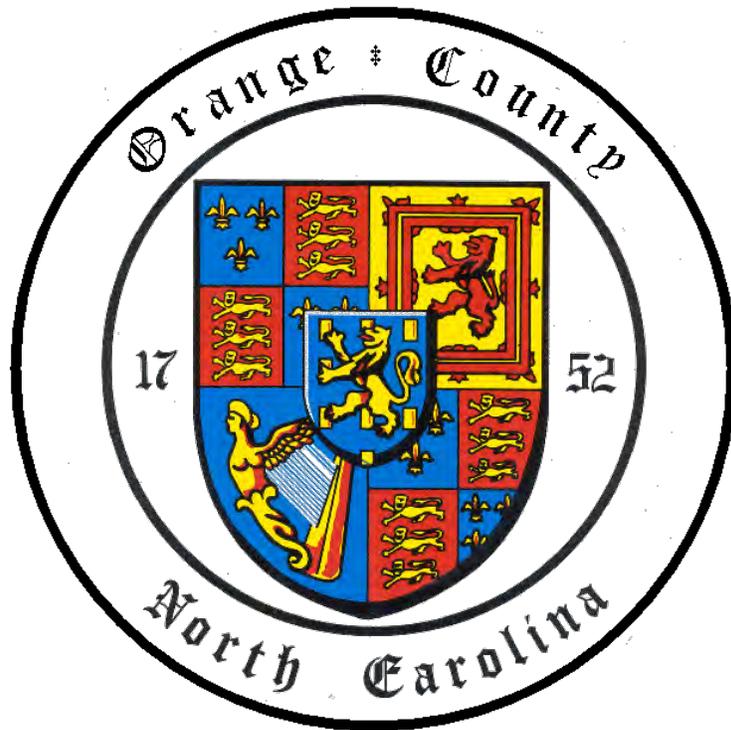
## ORANGE COUNTY, NORTH CAROLINA

**EFLAND SEWER OPERATING FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Actual</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Service fees	\$ 213,000	\$ 163,324	\$ (49,676)
Interest on investments	-	30	30
Total revenues	<u>213,000</u>	<u>163,354</u>	<u>(49,646)</u>
<b>Expenditures:</b>			
Operations	261,050	257,572	3,478
Repairs and maintenance	55,000	29,146	25,854
Total expenditures	<u>316,050</u>	<u>286,718</u>	<u>29,332</u>
Revenues over (under) expenditures	<u>(103,050)</u>	<u>(123,364)</u>	<u>(20,314)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	103,050	103,050	-
Total other financing sources (uses)	<u>103,050</u>	<u>103,050</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ (20,314)</u>	<u>\$ (20,314)</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>			
<b>Efland Sewer Operating Fund:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (20,314)	
Reconciling items:			
Depreciation expense		<u>(87,134)</u>	
Change in net position		<u>\$ (107,448)</u>	



**Internal Service Funds**



## ORANGE COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2014

	<u>Dental and Health Insurance Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Total Internal Service Funds</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,217,334	\$ -	\$ 1,217,334
Restricted cash	-	287,204	287,204
Total current assets	<u>1,217,334</u>	<u>287,204</u>	<u>1,504,538</u>
Non-current assets:			
Capital assets, net of depreciation	-	1,074,502	1,074,502
Total non-current assets	<u>-</u>	<u>1,074,502</u>	<u>1,074,502</u>
Total assets	<u>1,217,334</u>	<u>1,361,706</u>	<u>2,579,040</u>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	-	46,649	46,649
Insurance claims incurred, but not reported	595,970	-	595,970
Accrued interest	-	10,845	10,845
Current portion of long-term debt	-	154,151	154,151
Total current liabilities	<u>595,970</u>	<u>211,645</u>	<u>807,615</u>
Non-current liabilities:			
Long-term debt	-	1,257,667	1,257,667
Total non-current liabilities	<u>-</u>	<u>1,257,667</u>	<u>1,257,667</u>
Total liabilities	<u>595,970</u>	<u>1,469,312</u>	<u>2,065,282</u>
<b>Net Position:</b>			
Net investment in capital assets	-	(50,112)	(50,112)
Unrestricted	621,364	(57,494)	563,870
Total net position	<u>\$ 621,364</u>	<u>\$ (107,606)</u>	<u>\$ 513,758</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, 2014**

	<u>Dental and Health Insurance Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Total Internal Service Funds</u>
<b>Operating Revenues:</b>			
Other	\$ 271,962	\$ 170,789	\$ 442,751
Employee contributions	<u>5,117,791</u>	<u>-</u>	<u>5,117,791</u>
Total operating revenues	<u>5,389,753</u>	<u>170,789</u>	<u>5,560,542</u>
<b>Operating Expenses:</b>			
General and administrative	27,862	40,930	68,792
Depreciation	-	256,057	256,057
Claims expense	<u>4,880,643</u>	<u>-</u>	<u>4,880,643</u>
Total operating expenses	<u>4,908,505</u>	<u>296,987</u>	<u>5,205,492</u>
Operating income (loss)	<u>481,248</u>	<u>(126,198)</u>	<u>355,050</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	61	52	113
Interest and fees	<u>-</u>	<u>(20,332)</u>	<u>(20,332)</u>
Total non-operating revenues (expenses)	<u>61</u>	<u>(20,280)</u>	<u>(20,219)</u>
Income (loss) before contributions and transfers	481,309	(146,478)	334,831
<b>Other Financing Sources (Uses):</b>			
Transfers in	<u>-</u>	<u>38,872</u>	<u>38,872</u>
Total other financing sources (uses)	<u>-</u>	<u>38,872</u>	<u>38,872</u>
Change in net position	481,309	(107,606)	373,703
<b>Net Position:</b>			
Beginning of year - July 1	<u>140,055</u>	<u>-</u>	<u>140,055</u>
End of year - June 30	<u>\$ 621,364</u>	<u>\$ (107,606)</u>	<u>\$ 513,758</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, 2014

	<b>Dental and Health Insurance Fund</b>	<b>Vehicle Replacement Fund</b>	<b>Total Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ -	\$ 170,789	\$ 170,789
Cash received from employee contributions	5,389,753	-	5,389,753
Cash paid for goods and services	(27,862)	(594,606)	(622,468)
Cash paid for claims	(4,314,379)	-	(4,314,379)
Net cash provided (used) by operating activities	<u>1,047,512</u>	<u>(423,817)</u>	<u>623,695</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers in	-	38,872	38,872
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>38,872</u>	<u>38,872</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Payments related to the acquisition of capital assets	-	(827,435)	(827,435)
Interest paid on long-term debt	-	(20,332)	(20,332)
Proceeds on debt issuance	-	1,539,919	1,539,919
Payments related to the payment of debt	-	(128,101)	(128,101)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>564,051</u>	<u>564,051</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	61	52	113
Net increase (decrease) in cash and cash equivalents	1,047,573	179,158	1,226,731
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>169,761</u>	<u>108,046</u>	<u>277,807</u>
End of year - June 30	<u>\$ 1,217,334</u>	<u>\$ 287,204</u>	<u>\$ 1,504,538</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 481,248	\$ (126,198)	\$ 355,050
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	256,057	256,057
Increase (decrease) in accounts payable and accrued liabilities	566,264	(553,676)	12,588
Net cash provided (used) by operating activities	<u>\$ 1,047,512</u>	<u>\$ (423,817)</u>	<u>\$ 623,695</u>

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

## ORANGE COUNTY, NORTH CAROLINA

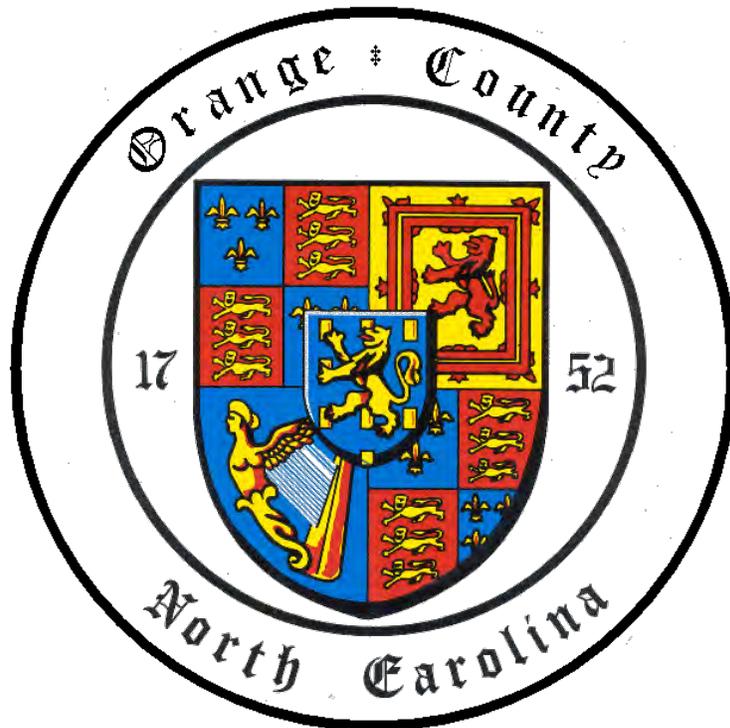
**HEALTH AND DENTAL INSURANCE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Operating Revenues:</b>			
Employee contributions	\$ 450,000	\$ 5,117,791	\$ 4,667,791
Other	-	271,962	271,962
Total operating revenues	<u>450,000</u>	<u>5,389,753</u>	<u>4,939,753</u>
<b>Operating Expenditures:</b>			
General and administrative	50,000	27,862	22,138
Claims expense	<u>450,000</u>	<u>4,880,643</u>	<u>(4,430,643)</u>
Total operating expenditures	<u>500,000</u>	<u>4,908,505</u>	<u>(4,408,505)</u>
Operating income (loss)	<u>(50,000)</u>	<u>481,248</u>	<u>531,248</u>
<b>Non-Operating Revenues:</b>			
Investment earnings	-	61	61
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>50,000</u>	-	<u>(50,000)</u>
Total other financing sources (uses)	<u>50,000</u>	-	<u>(50,000)</u>
Change in net position	<u>\$ -</u>	<u>481,309</u>	<u>\$ 481,309</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>140,055</u>	
End of year - June 30		<u>\$ 621,364</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, 2014**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Operating Revenues:</b>			
Insurance claim refunds	\$ 229,470	\$ 170,789	\$ (58,681)
<b>Operating Expenditures:</b>			
General and administrative	856,650	40,930	815,720
Capital outlay	827,435	827,435	-
Total operating expenditures	<u>1,684,085</u>	<u>868,365</u>	<u>815,720</u>
Operating income (loss)	<u>(1,454,615)</u>	<u>(697,576)</u>	<u>757,039</u>
<b>Non-Operating Revenues:</b>			
Investment earnings	100	52	(48)
Total non-operating revenues	<u>100</u>	<u>52</u>	<u>(48)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	38,872	38,872	-
Debt service, proceeds	1,539,919	1,539,919	-
Debt service, principal	(128,101)	(128,101)	-
Debt service, interest	(8,433)	(9,487)	(1,054)
Appropriated fund balance	12,258	-	(12,258)
Total other financing sources (uses)	<u>1,454,515</u>	<u>1,441,203</u>	<u>(13,312)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 743,679</u>	<u>\$ 743,679</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 743,679	
Reconciling items:			
Depreciation		(256,057)	
Proceeds		(1,539,919)	
Debt service		128,101	
Change in accrued interest		(10,845)	
Capital outlay		<u>827,435</u>	
Change in net position		<u>\$ (107,606)</u>	



## **Agency Funds**

**ORANGE COUNTY, NORTH CAROLINA**

**AGENCY FUNDS**

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**JUNE 30, 2014**

	<u>School District</u>	<u>Jail Inmate Trust</u>	<u>Cooperative Extension 4-H</u>	<u>American Stone No Fault Well Repair</u>
<b>Assets:</b>				
Cash and investments	\$ 144,522	\$ 90,359	\$ 79,555	\$ 145,328
Accounts receivable, property taxes	317,359	-	-	-
Accounts receivable, other	101,208	-	-	-
Total assets	<u>\$ 563,089</u>	<u>\$ 90,359</u>	<u>\$ 79,555</u>	<u>\$ 145,328</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 563,089	\$ 90,359	\$ 1,340	\$ 145,328
Due to cooperative extension	-	-	78,215	-
Total liabilities	<u>\$ 563,089</u>	<u>\$ 90,359</u>	<u>\$ 79,555</u>	<u>\$ 145,328</u>

Schedule G-1

<u>Communication Tower Trust</u>	<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>
\$ 12,415	\$ 55,449	\$ 7,452	\$ 459,883	\$ 31,089	\$ 1,026,052
-	-	-	-	-	317,359
-	-	-	-	-	101,208
<u>\$ 12,415</u>	<u>\$ 55,449</u>	<u>\$ 7,452</u>	<u>\$ 459,883</u>	<u>\$ 31,089</u>	<u>\$ 1,444,619</u>
\$ 12,415	\$ 55,449	\$ 7,452	\$ 459,883	\$ 31,089	\$ 1,366,404
-	-	-	-	-	78,215
<u>\$ 12,415</u>	<u>\$ 55,449</u>	<u>\$ 7,452</u>	<u>\$ 459,883</u>	<u>\$ 31,089</u>	<u>\$ 1,444,619</u>

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>School District Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 108,675	\$ 22,379,834	\$ 22,343,987	\$ 144,522
Accounts receivable, property taxes	431,188	21,595,487	21,709,316	317,359
Accounts receivable, other	-	101,208	-	101,208
Total assets	<u>\$ 539,863</u>	<u>\$ 44,076,529</u>	<u>\$ 44,053,303</u>	<u>\$ 563,089</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 539,863</u>	<u>\$ 44,076,529</u>	<u>\$ 44,053,303</u>	<u>\$ 563,089</u>
<b><u>Jail Inmate Fund</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 79,031</u>	<u>\$ 249,958</u>	<u>\$ 238,630</u>	<u>\$ 90,359</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 79,031</u>	<u>\$ 249,958</u>	<u>\$ 238,630</u>	<u>\$ 90,359</u>
<b><u>Cooperative Extension 4-H Fund</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 83,093</u>	<u>\$ 37,436</u>	<u>\$ 40,974</u>	<u>\$ 79,555</u>
<b>Liabilities:</b>				
Accounts payable	\$ 2,564	\$ 32,347	\$ 33,571	\$ 1,340
Due to cooperative extension	80,529	5,089	7,403	78,215
Total liabilities	<u>\$ 83,093</u>	<u>\$ 37,436</u>	<u>\$ 40,974</u>	<u>\$ 79,555</u>
<b><u>American Stone No Fault Well Repair</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 130,305</u>	<u>\$ 15,023</u>	<u>\$ -</u>	<u>\$ 145,328</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 130,305</u>	<u>\$ 15,023</u>	<u>\$ -</u>	<u>\$ 145,328</u>
<b><u>Communication Tower Trust Fund</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 5,114</u>	<u>\$ 41,325</u>	<u>\$ 34,024</u>	<u>\$ 12,415</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 5,114</u>	<u>\$ 41,325</u>	<u>\$ 34,024</u>	<u>\$ 12,415</u>
<b><u>Motor Vehicle Tax</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 5,784</u>	<u>\$ 2,540</u>	<u>\$ 8,324</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 5,784</u>	<u>\$ 2,540</u>	<u>\$ 8,324</u>	<u>\$ -</u>

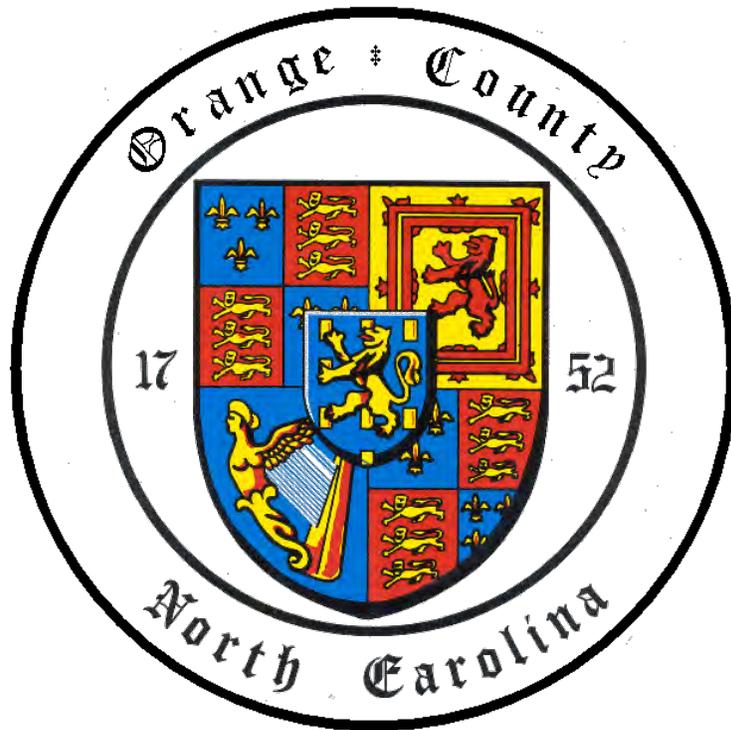
ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b><u>DSS Trust Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 55,421	\$ 296,388	\$ 296,360	\$ 55,449
<b>Liabilities:</b>				
Accounts payable	\$ 55,421	\$ 296,388	\$ 296,360	\$ 55,449
<b><u>Register of Deeds Trust Fee</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 13,057	\$ 121,409	\$ 127,014	\$ 7,452
<b>Liabilities:</b>				
Accounts payable	\$ 13,057	\$ 121,409	\$ 127,014	\$ 7,452
<b><u>Mental Health Insurance Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 803,925	\$ 119	\$ 344,161	\$ 459,883
<b>Liabilities:</b>				
Accounts payable	\$ 803,925	\$ 119	\$ 344,161	\$ 459,883
<b><u>Piedmont Food and Agricultural Processing Center</u></b>				
<b>Assets:</b>				
Accounts receivable - other	\$ 68,872	\$ -	\$ 68,872	\$ -
<b>Liabilities:</b>				
Due to other government	\$ 68,872	\$ -	\$ 68,872	\$ -
<b><u>Orange County Community Giving Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 10,000	\$ 21,089	\$ -	\$ 31,089
<b>Liabilities:</b>				
Accounts payable	\$ 10,000	\$ 21,089	\$ -	\$ 31,089
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,294,405	\$ 23,165,121	\$ 23,433,474	\$ 1,026,052
Accounts receivable - property taxes	431,188	21,595,487	21,709,316	317,359
Accounts receivable - other	68,872	101,208	68,872	101,208
Total assets	<u>\$ 1,794,465</u>	<u>\$ 44,861,816</u>	<u>\$ 45,211,662</u>	<u>\$ 1,444,619</u>
<b>Liabilities:</b>				
Accounts payable	\$ 1,645,064	\$ 44,856,727	\$ 45,135,387	\$ 1,366,404
Due to other governments	68,872	-	68,872	-
Due to cooperative extension	80,529	5,089	7,403	78,215
Total liabilities	<u>\$ 1,794,465</u>	<u>\$ 44,861,816</u>	<u>\$ 45,211,662</u>	<u>\$ 1,444,619</u>



## **Supplemental Financial Data**



## ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
 GENERAL FUND  
 JUNE 30, 2014

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2013</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2014</u>
2013-2014	\$ -	\$ 142,778,607	\$ 141,033,067	\$ 1,745,540
2012-2013	2,211,691	-	1,479,333	732,358
2011-2012	697,928	-	293,417	404,511
2010-2011	375,530	-	103,716	271,814
2009-2010	283,203	-	149,813	133,390
2008-2009	911,424	-	-	911,424
Total	<u>\$ 4,479,776</u>	<u>\$ 142,778,607</u>	<u>\$ 143,059,346</u>	4,199,037
Less: Allowance for uncollectible accounts				<u>(1,442,203)</u>
Ad valorem taxes receivable, net				<u>\$ 2,756,834</u>
<b>Reconciliation with Revenues:</b>				
Taxes - Ad Valorem - General Fund				\$ 142,233,171
Reconciling items:				
Interest and penalties				837,517
Miscellaneous adjustment				<u>(11,342)</u>
Total collections and credits				<u>\$ 143,059,346</u>

## ORANGE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Property Valuation**</u>	<u>Rate Per \$100</u>	<u>Total Adjusted Levy*</u>	<u>Total Levy</u>	
				<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 16,481,385,082	\$ 0.00858	\$ 141,410,284	\$ 131,162,611	\$ 10,247,673
Motor vehicles taxed at prior year rate	150,975,286	0.00858	1,295,368	-	1,295,368
Late list penalties	-		63,992	63,992	-
Lien advertisement	-		8,963	8,963	-
Total	<u>\$ 16,632,360,368</u>		142,778,607	131,235,566	11,543,041
Uncollected taxes at June 30, 2014			<u>1,745,540</u>	<u>1,322,365</u>	<u>423,175</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 141,033,067</u>	<u>\$ 129,913,201</u>	<u>\$ 11,119,866</u>
<b>Current Levy Collection Percentage</b>			<u>98.78%</u>	<u>98.99%</u>	<u>96.33%</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.

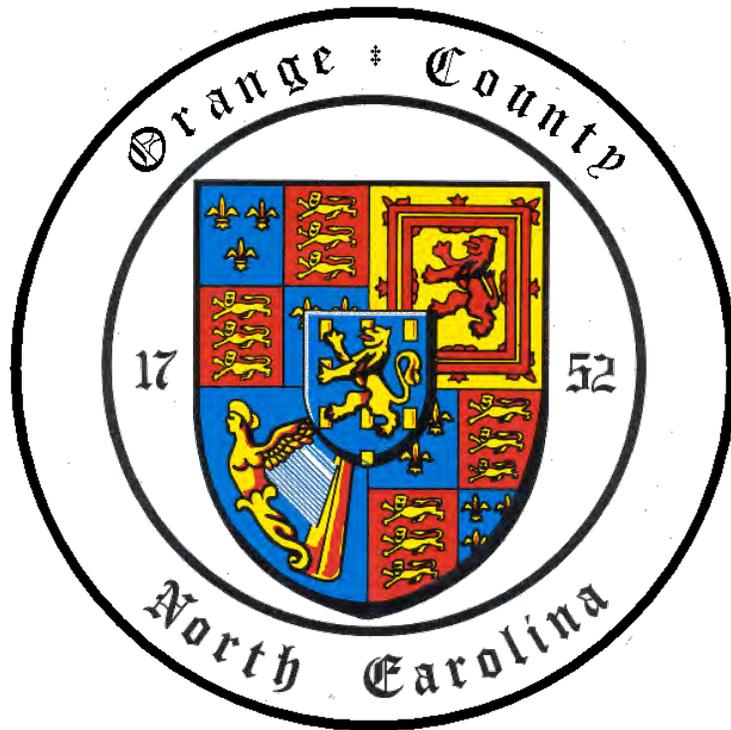
**Revenue Capacity:** These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

**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									
	2014	2013	2012	2011	2010	2009	2008	2007 (As Restated)	2006 (As Restated)	2005 (As Restated)
Governmental activities										
Net investment in capital assets	\$ 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	\$ (2,329,884)
Restricted for:										
Capital assets	-	-	-	-	-	-	-	-	22,521,235	-
Stabilization by State statute	15,617,944	14,036,419	11,153,113	8,727,555	-	-	-	-	-	-
Restricted, all other	4,287,300	12,551,518	27,503,219	1,250,092	-	-	-	-	-	-
Unrestricted	(83,197,137)	(101,233,902)	(131,483,110)	(110,118,490)	(113,765,405)	(116,043,276)	(118,028,841)	(107,189,190)	(112,977,847)	(71,473,372)
Total governmental activities net position	\$ (41,983,530)	\$ (55,491,552)	\$ (57,428,543)	\$ (66,998,530)	\$ (82,106,368)	\$ (100,652,347)	\$ (107,923,898)	\$ (81,386,812)	\$ (82,133,070)	\$ (73,803,256)
Business-type activities										
Net investment in capital assets	\$ 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	\$ 5,331,054
Unrestricted	(744,455)	3,862,994	2,753,605	(4,193)	(557,826)	1,459,512	4,279,258	3,566,096	1,595,064	812,996
Total business-type activities net position	\$ 7,733,807	\$ 10,901,487	\$ 7,158,585	\$ 6,873,714	\$ 7,205,164	\$ 9,391,899	\$ 10,984,472	\$ 6,929,321	\$ 6,929,821	\$ 6,144,050
Primary government										
Net investment in capital assets	\$ 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	\$ 3,001,170
Restricted for:										
Stabilization by State statute	15,617,944	14,036,419	11,153,113	8,727,555	-	-	-	-	-	-
Capital assets	-	-	-	-	-	-	-	-	22,521,235	-
Restricted, all other	4,287,300	12,551,518	27,503,219	1,250,092	-	-	-	-	-	-
Unrestricted	(83,941,592)	(97,370,608)	(128,729,502)	(110,122,683)	(114,323,231)	(114,583,764)	(113,749,583)	(103,623,094)	(111,382,783)	(70,660,376)
Total primary government net position	\$ (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)

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 \$118 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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Expenses:</b>										
Governmental activities:										
Governing and management	\$ 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	\$ 11,633,062
General services	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	10,095,265
Community and environment	11,572,352	9,821,519	9,786,774	10,288,447	12,726,270	10,932,997	20,065,425	9,922,055	9,078,254	8,939,210
Human services	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	32,558,212
Education	81,712,724	91,151,052	76,639,902	74,053,776	66,641,699	74,276,350	86,812,048	85,157,632	82,853,757	58,910,220
Public safety	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	16,685,076
Cultural and recreational	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	2,430,733
Interest on long-term debt	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	6,508,674
Total governmental activities expenses	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	147,760,452
Business-Type activities:										
Landfill	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	5,766,797
Sewer	284,773	333,568	316,684	401,689	305,171	269,822	193,535	209,020	181,329	177,477
SportsPlex	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	14,884,206	10,246,724	13,778,224	13,815,219	14,459,307	13,452,381	11,336,766	9,490,903	8,195,494	5,944,274
Total primary government expenses	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	153,704,726
<b>Revenues:</b>										
Governmental activities:										
Program revenues:										
Charges for services	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	10,861,457
Operating grants and contributions	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	20,838,946
Capital grants and contributions	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	953,634
General revenues:										
Property taxes	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	91,188,353
Other taxes	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	20,448,762
Other	29,414	107,517	756,382	102,822	(367,213)	2,222,054	2,340,763	3,724,713	4,903,090	2,966,288
Total governmental activities program revenues	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	147,257,440

ORANGE COUNTY, NORTH CAROLINA

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

	For Year Ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-type activities:										
Charges for services	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	6,847,668
Operating grants and contributions	274,429	466,966	419,354	414,853	434,968	401,180	198,046	215,234	195,214	215,868
Other	2,969	9,624	10,067	15,753	1,113,593	720,336	2,344,005	1,237,757	672,117	96,679
Total business-type activities program revenues	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	7,160,215
Total primary government program revenues	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	154,417,655
Increase (decrease) in net position	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)	712,929
<b>Change in net position</b>										
Net position, July 1, previously reported	(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)	(67,641,333)
Prior period adjustment	0	(871,523)	-	-	-	-	-	204,162	1,103,310	(730,802)
Net position, July 1, restated	(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)	(68,372,135)
Total net position, June 30	\$ (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)

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)**

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

	For Year Ended June 30					
	2010	2009	2008	2007	2006	2005
General Fund						
Reserved for:						
Inventories	\$ 143,078	\$ 181,031	\$ 113,966	\$ 113,966	\$ 114,036	\$ 82,251
Encumbrances	1,843,044	1,176,508	963,542	963,542	847,979	624,561
State statute	7,956,626	7,837,484	10,349,628	10,349,628	7,956,752	6,905,033
<b>Total reserved</b>	<b>9,942,748</b>	<b>9,195,023</b>	<b>11,427,136</b>	<b>11,427,136</b>	<b>8,918,767</b>	<b>7,611,845</b>
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	13,548,885
<b>Total unreserved</b>	<b>21,499,294</b>	<b>20,965,912</b>	<b>25,803,324</b>	<b>21,384,544</b>	<b>15,452,551</b>	<b>13,548,885</b>
<b>Total General Fund</b>	<b>31,442,042</b>	<b>30,160,935</b>	<b>37,230,460</b>	<b>32,811,680</b>	<b>24,371,318</b>	<b>21,160,730</b>
All Other Governmental Funds						
Reserved for:						
Encumbrances	2,910,389	3,061,726	11,896,153	1,888,242	7,635,847	2,733,971
State statute	596,618	866,041	688,649	1,596,372	495,693	1,366,199
<b>Total reserved</b>	<b>3,507,007</b>	<b>3,927,767</b>	<b>12,584,802</b>	<b>3,484,614</b>	<b>8,131,540</b>	<b>4,100,170</b>
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	17,882,591
Undesignated*	-	-	-	-	2,300,707	2,794,179
Reported in non-major special revenue	4,799,533	5,996,514	6,704,065	5,391,683	3,936,389	2,277,472
<b>Total unreserved</b>	<b>22,606,113</b>	<b>38,502,473</b>	<b>13,508,408</b>	<b>72,834,548</b>	<b>39,358,043</b>	<b>22,954,242</b>
<b>Total All Other Governmental Funds</b>	<b>26,113,120</b>	<b>42,430,240</b>	<b>26,093,210</b>	<b>76,319,162</b>	<b>47,489,583</b>	<b>27,054,412</b>
<b>Total Governmental Funds</b>	<b>\$ 57,555,162</b>	<b>\$ 72,591,175</b>	<b>\$ 63,323,670</b>	<b>\$ 109,130,842</b>	<b>\$ 71,860,901</b>	<b>\$ 48,215,142</b>

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

ORANGE COUNTY, NORTH CAROLINA

Table 4

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

	For Year Ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues</b>										
Property taxes	\$ 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	\$ 91,786,364
Sales tax	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	19,786,266
Intergovernmental revenues	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	22,438,641
Charges for services	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	8,232,327
Investment earnings	29,301	107,430	756,242	102,386	125,672	793,690	3,490,123	3,523,274	3,683,113	1,101,586
Licenses and permits	324,537	322,477	329,265	403,014	328,216	363,594	354,569	332,545	268,571	256,850
Impact fees	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	2,372,280
Miscellaneous	969,654	1,242,602	1,458,674	1,733,217	2,519,964	1,839,989	913,489	994,820	1,253,232	1,314,884
Total revenues	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	147,289,198
<b>Expenditures</b>										
Current:										
Governing and management	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	6,315,396
General services	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	9,703,326
Community and environment	12,935,114	11,815,147	12,308,296	11,853,619	12,314,548	10,232,393	9,904,764	9,533,076	8,964,634	9,040,677
Human services	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	31,463,036
Education	71,193,581	67,488,591	63,939,903	63,912,513	63,048,729	64,722,715	60,385,461	56,993,744	52,271,554	48,752,268
Public safety	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	16,202,310
Cultural and recreational	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	2,329,396
Capital outlay	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	19,615,281
Debt Service:										
Principal	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	11,066,814
Interest	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	6,889,640
Issuance costs	-	-	-	-	-	-	-	-	334,964	22,393
Total expenditures	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	161,400,537
Excess of revenues										
Over (Under) expenditures	(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)	(14,111,339)
<b>Other financing sources (uses)</b>										
Bonds issuance	-	1,680,206	14,195,360	-	1,762,954	-	-	-	29,185,000	25,140,000
Refunding issuance	-	13,300,000	96,693,500	-	22,455,000	-	-	-	29,365,000	-
Refunding issue costs	-	-	-	-	-	-	-	-	(1,590,000)	-
Payments to escrow agent - refunding	-	(13,685,000)	(104,030,089)	-	(24,021,358)	-	-	-	(27,775,000)	-
Installment loans issuance	18,549,081	2,099,099	22,031,500	11,899,439	4,136,434	38,700,000	-	59,057,000	17,685,000	1,820,506
Capital leases issuance	-	-	-	-	-	562,617	-	-	1,215,255	-
Transfers in	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	8,782,469
Transfers out	(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)	(8,622,211)
Total other financing sources (uses)	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	27,120,764
Net change in fund balances	\$ 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	\$ 13,009,425
Debt service as a percentage of non-capital expenditures										
	13.08%	11.87%	18.22%	15.88%	14.28%	13.38%	15.05%	13.63%	13.23%	12.68%

(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
2005	\$ 8,794,192,326	\$ 1,115,514,805	\$ 208,965,580	\$ 34,545,769	\$ 10,084,126,942	0.843	\$ 12,037,873,871	83.77%
2006	10,321,040,868	1,322,278,025	211,531,245	40,113,991	11,814,736,147	0.843	12,445,034,661	94.94%
2007	10,936,261,416	1,214,967,577	218,479,438	39,393,242	12,330,315,189	0.903	13,740,043,669	89.74%
2008	11,183,241,007	1,219,216,812	218,549,070	39,786,610	12,581,220,279	0.950	14,977,643,189	84.00%
2009	11,423,377,444	1,214,725,067	226,279,680	44,144,633	12,820,237,558	0.998	15,577,445,392	82.30%
2010	14,131,248,011	1,234,045,107	233,399,929	59,956,991	15,538,736,056	0.858	18,091,437,950	85.89%
2011	14,349,991,992	1,173,260,442	228,934,751	62,197,005	15,689,990,180	0.858	18,269,667,186	85.88%
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%

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>County Direct Rates</b>										
Orange County (1)	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.9980	\$ 0.9500	\$ 0.9030	\$ 0.8430	\$ 0.8800
Total general direct rate	0.0858	0.0858								
Fire Districts (2)	0.0663	0.0593								
Total direct rate	<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	0.0730
Chapel Hill			0.07500	0.07500	0.07500	0.04900	0.01900	0.01900	0.0190	0.0200
Damascus			0.05000	0.05000	0.06000	0.06000	0.05000	0.04000	0.0260	0.0300
Efland			0.04660	0.04660	0.04600	0.05225	0.04225	0.04225	0.0348	0.0465
Eno			0.05990	0.05990	0.05990	0.05700	0.05700	0.05700	0.0570	0.0640
Little River			0.04060	0.04060	0.04060	0.04600	0.04600	0.04600	0.0460	0.0520
New Hope			0.08950	0.06950	0.06950	0.06750	0.06750	0.06750	0.0625	0.0650
Orange Grove			0.04080	0.03580	0.05800	0.04200	0.03900	0.03900	0.0340	0.0390
Orange Rural			0.05610	0.06360	0.06360	0.06300	0.05600	0.05600	0.0560	0.0510
South Orange			0.07850	0.07850	0.07850	0.09500	0.04000	0.04000	0.0920	0.0920
Southern Triangle			0.05000	0.05000	0.05000	0.06000	0.05000	0.04000	0.0260	0.0300
White Cross			0.07000	0.06000	0.06000	0.06000	0.05000	0.04200	0.0420	0.0480
Chapel Hill-Carrboro School District	0.20840	0.18840	0.18840	0.18840	0.18840	0.23000	0.20350	0.18850	0.1834	0.2000
Municipality rates:										
Chapel Hill	0.5140	0.4940	0.4940	0.4940	0.4940	0.5810	0.5220	0.5220	0.5220	0.5750
Carrboro	0.5894	0.5894	0.5894	0.5894	0.5894	0.6863	0.6537	0.6244	0.6244	0.7148
Hillsborough	0.6800	0.6800	0.6200	0.6200	0.6200	0.6700	0.6350	0.6200	0.5660	0.6200
Mebane	0.4700	0.4700	0.4700	0.4700	0.4700	0.4700	0.5000	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	2014			2005		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Public utility	\$ 108,266,885	1	0.67%	\$ 78,184,325	1	0.75%
Piedmont Electric Membership	Public utility	53,165,596	2	0.33%	40,093,890	3	0.39%
SMA Greenbridge Development,LLC	Residential Condos	47,524,400	3	0.30%			
Northwestern Mutual Life Insurance Co	Apartment rental	38,627,273	4	0.24%			
Corium LLC	Office rental	35,399,116	5	0.22%	25,869,599	8	0.26%
ACC GF III Chapel Ridge/Chapel View LLC	Apartment rental	35,006,817	6	0.22%			
Madison University Mall LLC	Retail	34,144,411	7	0.22%			
East 54	Office/Retail	33,779,800	8	0.21%			
European Center LLC	Hotel	27,747,385	9	0.17%			
Granville Towers LLC	Apartments rental	27,327,293	10	0.17%			
VAC Limited Partnership	Apartments rental				55,829,704	2	0.55%
Blue Cross and Blue Shield of N.C.	Health Insurance				39,150,221	4	0.39%
Bell South Telephone and Telegraph Co.	Public Utility				35,556,953	5	0.35%
US CT LLC	Property Owners Trust				35,289,153	6	0.35%
University Mall	Rental				31,804,992	7	0.32%
Europa Center	Hotel				24,273,824	9	0.24%
Meadowmont JV LLC	Rental/Residential				23,616,296	10	0.23%
Total		<u>\$ 440,988,976</u>		<u>2.75%</u>	<u>\$ 389,668,957</u>		<u>3.83%</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
2004	2005	\$ 88,749,583	\$ 87,687,321	98.80%	\$ 952,448	\$ 88,639,769	99.88%	\$ 2,455,230	2.77%
2005	2006	100,374,499	99,271,419	98.90%	954,076	100,255,495	99.88%	2,711,245	2.70%
2006	2007	111,171,556	110,014,826	98.96%	1,053,864	111,068,690	99.91%	2,774,093	2.50%
2007	2008	119,467,330	117,907,855	98.69%	984,746	118,892,601	99.52%	3,293,772	2.76%
2008	2009	127,813,510	126,215,432	98.75%	1,282,847	127,498,279	99.75%	3,660,536	2.86%
2009	2010	133,475,926	131,642,477	98.63%	1,540,429	133,182,906	99.78%	3,953,556	2.96%
2010	2011	135,126,347	133,163,625	98.55%	1,606,528	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%
<b>2013</b>	<b>2014</b>	142,778,607	141,033,067	98.78%	2,026,279	143,059,346	100.20%	4,199,037	2.94%

\*Tax levy includes special districts

ORANGE COUNTY, NORTH CAROLINA

Table 9

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases	State Revolving Loans	Bond Premium Refunding	General Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases			
2005	\$ 125,810,000	\$ -	\$ 24,565,678	\$ 2,107,612	\$ -	\$ 413,010	\$ -	\$ -	\$ 836,342	\$ 1,152,360	\$ 154,885,002	1,200	3.75%
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%
<b>2014</b>	<b>77,150,000</b>	<b>-</b>	<b>120,189,844</b>	<b>-</b>	<b>1,663,703</b>	<b>15,318,561</b>	<b>-</b>	<b>-</b>	<b>8,724,908</b>	<b>-</b>	<b>223,047,016</b>	<b>1,487</b>	<b>*</b>

\*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 2013 personal income not available to calculate fiscal year 2014

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 Value of Property (2)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	State Revolving loan	Bond Premium Refunding					
2005	\$ 125,810,000	-	-	413,010	\$	126,223,010	3.06%	1.25%	1,034
2006	148,175,000	-	-	(1,073,758)	\$	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
<b>2014</b>	<b>77,150,000</b>	-	-	<b>15,318,561</b>	\$	92,468,561	*	0.55%	662

\*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 2012 personal income not available to calculate fiscal year 2012.
- (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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Assessed value of property	\$ 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	\$ 10,084,127
Debt limit, 8% of assessed value (statutory limitation)	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	806,730
Amount of debt applicable to limit:										
Gross debt	214,322	205,502	223,182	225,109	232,885	224,599	224,599	240,974	196,624	154,472
Less:										
Amount available for repayment of general obligation bonds				-	-	-	-	-	-	-
Debt outstanding for water and sewer purposes				-	-	-	-	-	-	-
Revenue bonds				-	-	-	-	-	-	-
Total net debt applicable to limit	214,322	205,502	223,182	225,109	232,885	224,599	224,599	240,974	196,624	154,472
Legal debt margin	\$ 1,116,267	\$ 1,080,576	\$ 1,048,749	\$ 1,030,090	\$ 1,010,214	\$ 801,020	\$ 781,899	\$ 745,451	\$ 731,156	\$ 652,258
Total net debt applicable to limit as a percentage of debt limit	16.10%	15.97%	17.55%	17.93%	18.73%	21.90%	22.31%	24.47%	21.19%	19.15%

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, 2014

Governmental Unit	Direct Debt Outstanding	(1) Estimated Share of Overlapping Debt	Estimated Share of Direct and Overlapping Debt	(2) Percentage Municipality in County
Municipalities:				
Town of Chapel Hill	\$ -	\$ 52,606,000	\$ 52,606,000	100%
Town of Hillsborough		29,856,252	29,856,252	100%
Town of Carrboro		6,625,000	6,625,000	100%
City of Durham			13,932,267	3%
Town of Mebane		2,204,583	2,204,583	30%
County	214,322,108	-	214,322,108	
Total direct debt	\$ 214,322,108	\$ 64,090,705	\$ 319,546,210	

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)
2005	122,052	\$ 4,122,336	\$ 33,375	32.60	17,532	3.6%	2,153
2006	123,766	4,667,922	34,182	32.41	17,641	3.4%	2,402
2007	125,046	5,060,894	35,191	32.20	18,530	3.3%	1,745
2008	127,344	5,450,187	35,229	32.15	18,580	3.2%	1,965
2009	131,123	5,976,341	35,084	33.20	18,696	6.3%	1,573
2010	132,386	6,186,351	47,063	33.00	18,552	6.6%	1,215
2011	133,801	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 *		51,702	33.49	19,651	5.7%	1,791

\*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)**

<b>Employer</b>	<b>2014</b>			<b>2005</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
UNC-Chapel Hill	15,985	<b>1</b>	22.97%	15,826	1	23.77%
UNC Hospitals	9,354	<b>2</b>	13.44%	6,819	2	10.24%
Chapel Hill-Carrboro City Schools	1,885	<b>3</b>	2.71%	2,618	3	3.93%
Orange County Schools	1,259	<b>4</b>	1.81%	1,253	5	1.88%
Orange County Government	900	<b>5</b>	1.30%	740	8	1.11%
Town of Chapel Hill	879	<b>6</b>	1.26%	769	7	1.16%
Sports Endeavors, Inc.	788	<b>7</b>	1.13%			
UNC Physicians Network	528	<b>8</b>	0.76%			
Aramark Services	444	<b>9</b>	0.63%			
Walmart	378	<b>10</b>	0.54%			
Blue Cross & Blue Shield of NC Inc.				1,373	4	2.06%
General Electric				525	9	0.78%
Harris Teeter				522	10	0.78%

Source: Orange County Economic Development Commission, Employment Security Commission

ORANGE COUNTY, NORTH CAROLINA

Table 15

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

Function/Program	For Year Ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Government and management	96.15	91.95	94.40	91.55	109.80	74.20	58.00	60.00	60.00	53.00
General services	78.50	61.1	62.9	60.15	84.80	123.40	101.00	113.60	114.20	114.20
Community and environment	89.40	92.5	84.7	90.90	87.60	55.55	55.00	53.00	48.50	48.50
Human services	312.48	293.43	308.1	304.50	325.40	318.60	287.00	299.10	294.30	301.40
Public safety	262.90	263.68	246.8	241.20	227.20	223.40	214.80	206.00	202.50	202.50
Cultural and recreational	33.00	35.15	28.43	29.83	24.03	49.25	31.60	32.60	31.10	31.10
Solid Waste Enterprise	60.25	58.2	57.25	53.10	51.40	44.40	55.00	40.00	43.00	43.00
<b>Total</b>	<b>932.68</b>	896.01	882.58	871.23	910.23	888.80	802.40	804.30	793.60	793.70

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governing and Management:										
Number of animals sheltered	4,910	4,319	4,610	4,470	4,504	4,037	3,750	3,419	3,495	3,258
Number of rabies investigations	163	227	186	210	149	243	140	108	101	186
Employment applications received	4,032	2,815	4,500	2,015	3,650	1,979	3,000	3,347	9,256	7,980
General Services:										
Incoming Calls to Technology Help Desk	1,629	1,609	2,447	3,733	4,447	4,561	6,409	7,879	9,086	11,020
Real Estate documents processed	27,000	24,951	27,206	28,744	22,975	23,875	23,804	22,901	25,904	19,672
Vital records recorded and issued	16,367	16,649	12,150	15,223	18,081	18,454	18,321	18,188	18,308	17,988
Community and Environment:										
Building permits issued	864	953	914	891	824	667	658	661	635	666
Building, plumbing, mechanical, and electrical inspections completed	18,239	18,726	18,222	17,000	13,545	12,125	15,400	13,092	10,648	10,688
Human Services:										
Households receiving food stamps	2,763	2,987	2,978	3,230	3,430	3,785	5,403	6,234	6,504	6,634
Number of Medicaid cases	5,283	5,785	6,019	6,424	6,820	6,952	7,089	9,532	10,028	13,575
Number of families receiving daycare subsidy	319	317	280	330	600	655	560	715	741	700
Total number of dental patient visits	4,000	4,010	3,722	3,495	4,165	3,945	2,277	3,605	4,747	5,279
Family planning clients served	1,140	1,191	1,156	1,150	1,045	1,189	1,431	1,004	1,104	1,317
Public Safety:										
Requests for EMS service	9,050	9,486	10,988	11,463	10,945	10,988	11,655	13,287	13,132	12,554
Number of fire inspections	188	190	235	270	87	90	300	279	272	379
Average number of non-federal inmates per month	145	150	162	170	175	175	170	180	180	170
Culture and Recreation:										
Library materials circulated at Orange County Library	153,435	167,000	178,911	180,000	209,023	271,066	337,010	405,282	444,261	422,265
Number of reference volumes at Orange County Library	2,363	2,411	2,475	2,493	2,300	3,766	2,555	2,600	3,161	2,697
Education:										
Average daily membership (NCDPI Planning #'s)	17,818	17,876	18,192	18,530	18,898	18,696	18,990	19,549	19,757	20,051
County current expense appropriation per pupil (\$)	2,623	2,796	2,957	2,957	3,200	3,096	3,096	3,102	3,167	3,269

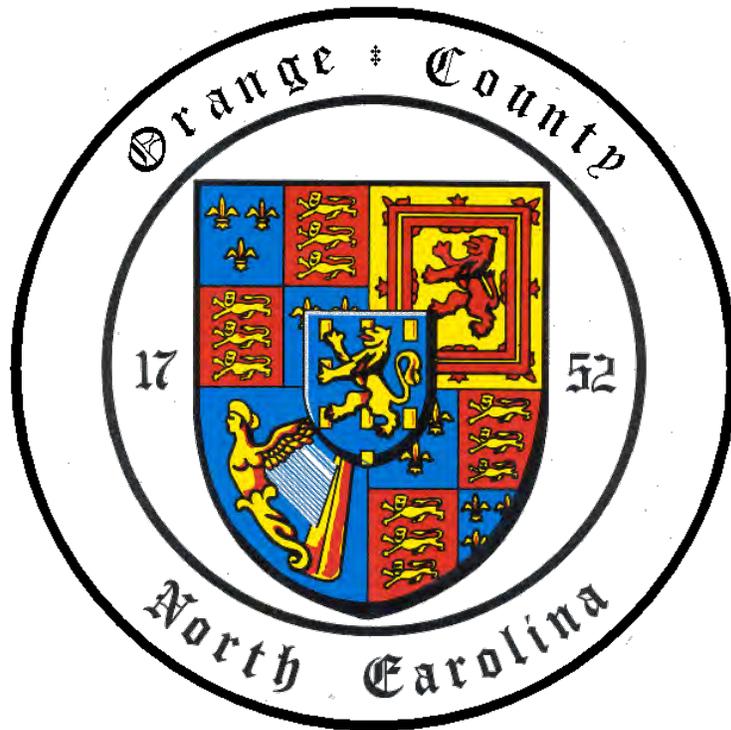
Source: Orange County Finance and Administrative Services Department

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

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

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, 2014, and the related notes to the financial statements, which collectively comprises Orange County's basic financial statements, and have issued our report thereon dated December 3, 2014.

### **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 entity'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 that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

## **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*.

## **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 3, 2014

**ORANGE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**1. Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes      X   No
  
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None Reported
  
- Non-compliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**ORANGE COUNTY, NORTH CAROLINA**

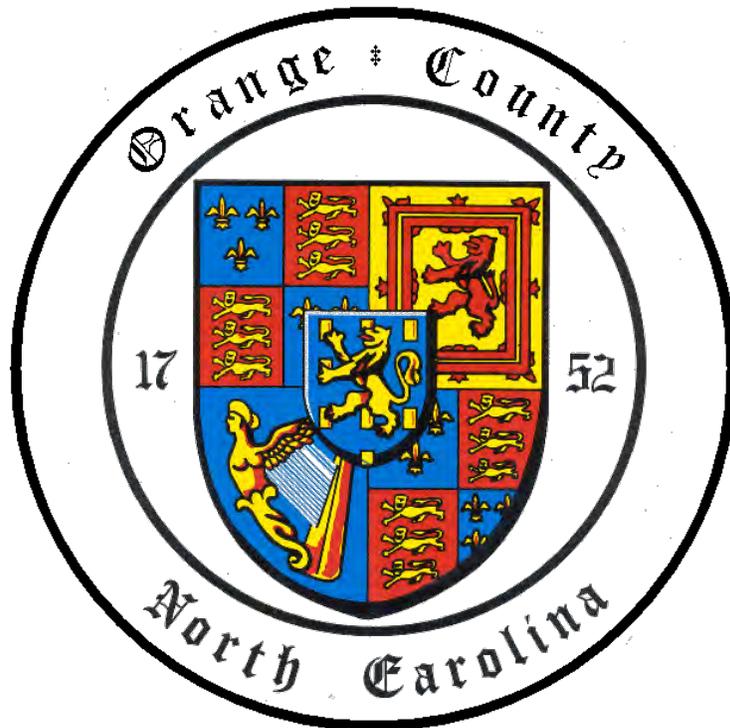
**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

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

None

**ORANGE COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

None reported.



Orange County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2014

<u>Federal Grantor/Program Title</u>	<u>CFDA Number/ Grant Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>Federal Awards:</b>				
<b><u>U. S. Department of Agriculture:</u></b>				
<u>Direct Program:</u>				
Soil And Water Conservation	10.902	\$ 57,683	\$ -	\$ -
Passed-Through N. C. Department of Health and Human Services:				
<u>Division of Public Health:</u>				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	1,088,996	-	-
<u>Division of Social Services:</u>				
<u>Supplemental Nutrition Assistance Program Cluster:</u>				
SNAP Administration	10.561	1,282,210	-	1,282,210
SNAP Fraud Admin	10.561	8,427	-	8,427
SNAP E&T & Depend Care	10.561	76,146	-	1,024
<u>Total Supplemental Nutrition Assistance Program Cluster</u>		<u>1,366,783</u>	<u>-</u>	<u>1,291,661</u>
<b>Total U. S. Department of Agriculture</b>		<u>2,513,462</u>	<u>-</u>	<u>1,291,661</u>
<b><u>U. S. Department of Housing and Urban Development:</u></b>				
<u>Direct Programs:</u>				
Lower Income Housing Assistance:				
Home Investment Partnerships Program	14.239	691,400	-	110,511
Fair Housing Assistance Program	14.401	190,577	-	-
Indian Community Development Block Grant Program	14.862	241,948	-	162,327
<u>Total Lower Income Housing Assistance</u>		<u>1,123,925</u>	<u>-</u>	<u>272,838</u>
<u>Housing Voucher Cluster:</u>				
Section 8 Housing Choice Vouchers	14.871	3,946,500	-	79
<u>Total Housing Voucher Cluster</u>		<u>3,946,500</u>	<u>-</u>	<u>79</u>
Passed-Through N.C. Department of Commerce:				
<u>Division of Community Assistance:</u>				
Very Low-Income Housing Repair Loans and Grants -				
Scattered Site Housing Grant	10.417	98,450	-	-
Very Low-Income Housing Repair Loans and Grants -				
Economic Recovery Grant	10.417	240,489	-	-
<b>Total U. S. Department of Housing and Urban Development</b>		<u>5,409,365</u>	<u>-</u>	<u>272,917</u>
<b><u>U. S. Department of Justice - Office of Justice Programs:</u></b>				
Passed-through N.C. Department of Justice:				
<u>Justice Assistance Grant Program Cluster:</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	760	-	-
<u>Total Justice Assistance Grant Program Cluster</u>		<u>760</u>	<u>-</u>	<u>-</u>
<b>Total U. S. Department of Justice</b>		<u>760</u>	<u>-</u>	<u>-</u>

Orange County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2014

<u>Federal Grantor/Program Title</u>	<u>CFDA Number/ Grant Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b><u>U. S. Department of Transportation:</u></b>				
Federal Transit Administration				
Public Transportation Research	20.514	26,382	-	-
Passed-Through N. C. Department of Transportation:				
<u>Highway Planning and Construction Cluster:</u>				
Highway Planning and Construction	20.205-1	77,519	-	208,165
<u>Total Highway Planning and Construction Cluster</u>		77,519	-	208,165
Formula Grants for Rural Areas	20.509	86,395	26,932	-
<u>Transit Services Program Cluster:</u>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	20,876	2,609	-
<u>Total Transit Services Program Cluster</u>		20,876	2,609	-
<b><u>Total U. S. Department of Transportation</u></b>		211,172	29,541	208,165
<b><u>U. S. Department of Health and Human Services:</u></b>				
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	48,409	3,227	-
Special Programs for the Aging - Title III, Part D - Disease				
Prevention and Health Promotion Services	93.043	4,852	285	-
<u>Aging Cluster:</u>				
Nutrition Services Incentive Program	93.053	19,833	-	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	112,502	6,618	-
Special Programs for the Aging - Title III, Part B - Grants for				
Supportive Services and Senior Centers	93.044	123,633	7,273	318,269
<u>Total Aging Cluster</u>		255,968	13,891	318,269
<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	159,930	-	-
<u>Division of Child Development:</u>				
Child Care and Development Fund - Discretionary	93.575	1,097,007	-	-
Child Care and Development Fund - Mandatory	93.596	637,054	8,585	-
Child Care and Development Fund - Match	93.596	1,247,335	573,664	-
<u>Total Child Care Development Fund Cluster</u>		3,141,326	582,249	-
Temporary Assistance for Needy Families	93.558	617,823	-	-
Foster Care Title IV-E	93.658	27,630	14,483	-
Smart Start	XXXX	-	9,644	-
State Appropriations	XXXX	-	1,608	-
TANF-MOE	XXXX	-	367,612	-
<u>Total Subsidized Child Care Cluster</u>		3,786,779	975,596	-

**Orange County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2014**

<u>Federal Grantor/Program Title</u>	<u>CFDA Number/ Grant Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</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	29,180	-	27,745
Medical Assistance Program - Adult Care Home Case Management	93.778	29,703	9,776	19,927
Medical Assistance Program - Medicaid Expansion	93.778	10,176	10,176	-
Medical Assistance Program - Administration	93.778	1,549,223	-	912,822
Medical Assistance Program - Medical Transportation Services	93.778	234	122	-
Medical Assistance Program - Direct Benefit Payments	93.778	59,345,232	32,439,552	-
<u>Total Medicaid Cluster</u>		<u>60,963,748</u>	<u>32,459,625</u>	<u>960,494</u>
<u>Centers for Disease Control and Prevention</u>				
Passed through NC Department of Health and Human Services				
<u>Division of Public Health:</u>				
Public Health Emergency Preparedness	93.069	38,836	-	-
State Nutrition, Physical Activity, and Obesity Programs - financed in part by PPHF	93.548	8,854	2,214	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	3,506	2,550	-
HIV Prevention Activities - Health Department Based	93.940	31,000	-	-
Preventive Health and Health Services Block Grant	93.991	10,783	-	-
<u>Immunization Cluster:</u>				
Immunization Cooperative Agreements	93.268	24,370	-	-
<u>Total Immunization Cluster</u>		<u>117,349</u>	<u>4,764</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>				
<u>Temporary Assistance for Needy Families Cluster:</u>				
Temporary Assistance for Needy Families (TANF) State Programs	93.558	66,297	-	-
<u>Total Temporary Assistance for Needy Families Cluster</u>		<u>66,297</u>	<u>-</u>	<u>-</u>
Refugee and Entrant Assistance - Discretionary Grants	93.576	1,763	-	-
<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	109,923	84,924	-
<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	58,741	-	-

Orange County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2014

<u>Federal Grantor/Program Title</u>	<u>CFDA Number/ Grant Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>Division of Social Services:</u>				
<u>Administration:</u>				
Social Services Block Grant	93.667	261,819	36,264	99,360
Social Services Block Grant - In Home Services	93.667	64,777	-	9,254
Social Services Block Grant - In Home Services over 60	93.667	25,549	-	3,650
Social Services Block Grant - Adult Daycare	93.667	434	-	62
Social Services Block Grant - Adult Daycare over 60	93.667	-	840	120
TANF to SSBG	93.667	43,710	-	-
Promoting Safe and Stable Families	93.556	22,638	-	-
Low-Income Home Energy Assistance - Crisis Intervention Payments	93.568	367,096	-	-
Low Income Home Energy Assistance - Administration	93.568	73,473	-	-
Low-Income Home Energy Assistance	93.568	283,600	-	-
Stephanie Tubbs Jones Child Welfare Services Program - Permanency Planning	93.645	80,749	-	26,916
Chafee Foster Care Independence Program - Independent Living	93.674	10,311	-	-
Chafee Foster Care Independence Program	93.674	25,523	6,381	-
Child Support Enforcement - IV-D Administration	93.563	1,300,485	-	669,947
Child Support Enforcement - IV-D Offset Fees - Esc	93.563	99	-	51
Child Support Enforcement - IV-D Offset Fees - Federal	93.563	1,955	-	1,007
Children's Health Insurance Program	93.767	42,886	1,157	14,793
<u>Direct Benefit Payments:</u>				
Refugee and Entrant Assistance - State Administered Programs	93.566	20,382	-	-
Children's Health Insurance Program	93.767	1,905,862	601,769	-
Low-Income Home Energy Assistance	93.568	-	164	-
Family Support Payments to States - Assistance Payments	93.560	(559)	(153)	(153)
Total Division of Social Services		<u>4,530,789</u>	<u>646,422</u>	<u>825,007</u>
<u>Temporary Assistance for Needy Families Cluster:</u>				
<u>Administration:</u>				
TANF- Work First Admin	93.558	168,727	-	327,993
TANF- Work First Service	93.558	901,766	-	1,033,630
<u>Direct Benefit Payments:</u>				
TANF- Payments & Penalties	93.558	<u>448,232</u>	-	-
Total Temporary Assistance for Needy Families Cluster		<u>1,518,725</u>	-	<u>1,361,623</u>

Orange County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2014

<u>Federal Grantor/Program Title</u>	<u>CFDA Number/ Grant Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>Foster Care and Adoption Cluster:</u>				
<u>Administration:</u>				
IV-E CPS	93.658	66,191	79,459	33,096
IV-E Foster Care	93.658	170,179	44,344	44,344
IV-E Foster Care/ Off Trn	93.658	320,363	-	320,363
IV-E Adoption Training	93.659	47,414	-	47,414
<u>Direct Benefit Payments:</u>				
IV-E Adopt Subsidy & Vendor	93.659	649,228	169,240	169,239
IV-E Admin County Paid to CCI	93.658	6,281	3,141	3,141
IV-E Family Foster Max	93.658	1,205	-	630
IV-E Foster Care	93.658	279,572	-	3,680
IV-E Foster Care in Excess	93.658	39,148	10,209	10,209
IV-E Medicaid Maximization	93.658	86,942	-	-
<u>Total Foster Care and Adoption Cluster</u>		<u>1,666,523</u>	<u>306,393</u>	<u>632,116</u>
 <b>Total U.S. Department of Health and Human Services</b>		 <u>73,129,865</u>	 <u>34,495,128</u>	 <u>4,097,509</u>
 <b><u>Corporation for National and Community Service:</u></b>				
<u>Direct Programs:</u>				
Retired and Senior Volunteer Program	94.002	50,084	-	8,078
 <b><u>U. S. Department of Homeland Security:</u></b>				
<u>Passed-Through N. C. Department of Crime Control and Public Safety</u>				
Emergency Management Performance Grant	97.042	48,926	-	-
 <b>Total U.S. Department of Homeland Security</b>		 <u>99,010</u>	 <u>-</u>	 <u>8,078</u>
 <b><u>U. S. Department of Treasury:</u></b>				
Volunteer Income Tax Assistance (VITA) Matching Grant	21.009	5,978	-	-
 <b>Total Federal awards</b>		 <u>81,369,613</u>	 <u>34,524,668</u>	 <u>5,878,330</u>
 <b>State Awards:</b>				
<b><u>N. C. Department of Health and Human Services:</u></b>				
<u>Division of Social Services:</u>				
<u>Administration:</u>				
AFDC Incentive/Program Integrity		-	1,088	-
Smart Start		-	76,869	-
<u>Direct Benefit Payments:</u>				
CWS Adopt Subsidy & Vendor		-	288,683	88,414
State/County Special Assistance Domiciliary Care Payments		-	695,178	695,178
SFHS Maximization		-	52,988	52,988
State Foster Home		-	56,516	56,515
Work First Non Reimbursable		-	-	349,972
County Funded Programs		-	-	3,170,834
Non Allocated County Cost		-	-	691,195
<u>Total Division of Social Services</u>		<u>-</u>	<u>1,171,322</u>	<u>5,105,096</u>

Orange County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2014

<u>Federal Grantor/Program Title</u>	<u>CFDA Number/ Grant Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>Division of Public Health:</u>				
Food and Lodging Fees		-	23,545	-
Environmental Health		-	4,000	-
General Aid to Counties		-	105,885	-
General Communicable Disease Control		-	3,708	-
Risk Reduction/Health Promotion		-	6,286	-
Interpreter Grant II		-	20,900	-
Maternal Health (HMHC)		-	1,668	-
Women's Health Service Fund		-	4,115	-
Tuberculosis		-	12,995	-
TB Medical Services		-	1,776	-
Total Division of Public Health		-	184,878	-
<u>Division of Aging:</u>				
Access - 90% State Funds		-	12,285	-
In-Home Services - 90% State Funds/Caregiver Match		-	208,249	-
Senior Center Development		-	7,786	-
Total Division of Aging		-	228,320	-
<b>Total N. C. Department of Health and Human Services</b>		-	1,584,520	5,105,096
<b><u>N.C. Department of Transportation:</u></b>				
<u>Rural Operating Assistance Program</u>				
Elderly and Disabled Transportation Assistance Program		-	80,561	-
Work First Program		-	34,980	-
Rural General Public Program		-	92,624	-
<b>Total N. C. Department of Transportation</b>		-	208,165	-
<b><u>N. C. Department of Cultural Resources:</u></b>				
State Arts Grant		-	30,726	-
<u>Division of State Library:</u>				
Passed-Through Hyconeechee Regional Library:				
State Aid to Public Libraries		-	100,727	2,208,820
<b>Total N. C. Department of Cultural Resources</b>		-	131,453	2,208,820

Orange County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2014

<u>Federal Grantor/Program Title</u>	<u>CFDA Number/ Grant Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b><u>N. C. Department of Corrections</u></b>				
Criminal Justice Partnership		-	289,453	-
<b><u>N. C. Department of Public Instruction:</u></b>				
Public School Capital Building Fund - Lottery Proceeds		-	1,325,356	-
<b><u>N.C. Department of Insurance</u></b>				
SHIIP Funds		-	6,068	-
<b>Total State awards</b>		-	3,545,015	7,313,916
<b>Total Federal and State Awards</b>		<u>\$ 81,369,613</u>	<u>\$ 38,069,683</u>	<u>\$ 13,192,246</u>

1. Basis of Presentation

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

2. Loans Outstanding

Orange County had the following loan balances outstanding at June 30, 2014.

<u>Program Title</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Capitalization Grants for State Revolving Funds	CS370884-01	\$ 1,663,703

3. Subrecipients

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

<u>Program Title</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Public School Building Capital Fund - Lottery Proceeds		\$ -	\$ 1,325,356

4. 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