

# Comprehensive Annual Financial Report

Year Ended June 30, 2012



**Bernadette Pelissier**  
**Chair, Board of County Commissioners**

**Frank Clifton**  
**County Manager**

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

**Prepared by**  
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and the Budget Office Staff

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**ORANGE COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

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**ORANGE COUNTY, NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2012**

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## **Introductory Section**

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## **ORANGE COUNTY**

### ***Financial Services Department***

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November 20, 2012

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

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, I hereby issue the comprehensive annual financial report ("CAFR") of Orange County for the fiscal year ended June 30, 2012.

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, 2012, 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. Transfers that alter the total appropriation of any functional category or fund, including the multi-year project funds, must be approved by the County Commissioners. However; for expenditure control purposes the budget is monitored and controlled on a departmental level.

## FACTORS AFFECTING FINANCIAL CONDITION

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

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

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

The County enjoys a consistently low unemployment rate. The unemployment rate estimated by the North Carolina Employment Security Commission for Calendar year 2011 was 6.3% and for September 2012 was 5.7%, one of the lowest in the State. (State average was 9.6% for September 10.4% for calendar year 2011.)

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 2012, approximately 53,000 people were employed at the Park with an annual payroll of approximately \$4.5 billion with an average salary of \$68,000. Approximately 87% of the employees in the Park work for multinational corporations. Because of its close proximity to the County and the fact that many of the Parks' employees reside in the County, the impact of the Park on the County's economy is significant.

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

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

**Fiscal Outlook.** The adopted 2012-13 budget included General Fund appropriation of \$180.0 million, which is an increase of \$1.8 million from prior years' original budget, and a \$5.2 million reduction from the prior year's final amended budget. Reflective of previous fiscal years, the County continued its traditional commitment to public schools earmarking nearly one-half of the County's 2010-11 General Fund Budget of \$180.0 million for education. Funding appropriated for education totaled \$88.2 in the fiscal year 2012-13 budget. The Board adopted and maintained a property tax rate of .858 cents per hundred for Fiscal Year 2012-13 which represents the third straight year that the property tax rate was not increased to balance the budget. The assessed value for the upcoming year is estimated to be nearly \$15.9 billion with a tax rate of \$0.858 per \$100 of value year. There is only a nominal appropriation from fund balance in the 2012-12 budget that will be used to assist in funding critical needs programs that have been affected by the slow recovery from the current economic recession. The Board of County Commissioners remains committed to grow and stabilize the fund balance as the County continues to contend with the flat and declining revenues which have resulted from the continued recession. The Board's adoption of the same property tax reflects their continued desire to not increase the burden on the citizens during these difficult times. The County's financial condition remains strong and stable.

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 \$2.5 million for fiscal year 2012-13.

For capital improvements, the County issued \$25 million in Alternative Financing to fund the construction of an 11<sup>th</sup> elementary school for the Chapel Hill Carrboro School District and fund County equipment purchases. The County does not plan to have any major capital projects or debt issuances for the 2012-13 fiscal years.

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

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Orange County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This marks the thirtieth 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 2012 annual budget document. This is the 21<sup>th</sup> year that the award has been presented to the County. In order to qualify for this award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. The Budget Department believes the fiscal year 2012 budget continues to conform to program requirements and is submitting it to the GFOA to determine eligibility for another award.

Each County department's strong commitment to the goals, vision and mission statements of the County government is reflected in their provision of services to the residents of Orange County. I appreciate the cooperation of all County departments in conducting financial activities, including the preparation of this report. I would like to commend the members of the Finance Services Department, particularly, for their professional competence and diligence in continuing the progressive financial activities of the County and

the preparation of this informative report. Special recognition is extended to Howard Fitts, Accountant, for his tireless effort and sense of commitment that he displayed throughout the report preparation process and to Martin Starnes & Associates, Certified Public Accounts for their assistance.

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

Respectfully submitted,

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

Clarence G. Grier, CPA, CITP  
Financial Services Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orange County  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Linda C. Dandson*

President

*Jeffrey R. Emer*

Executive Director

## FY2011-12 Board of County Commissioners



Bernadette Pelissier - Chair



Pam Hemminger - Vice Chair



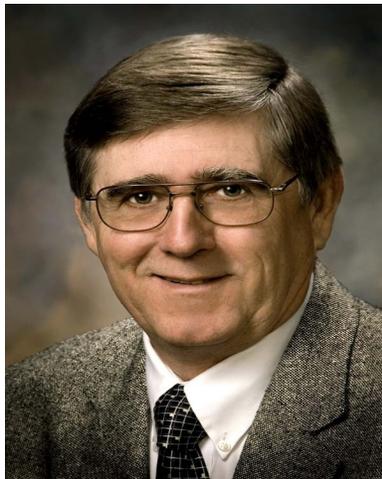
Valerie P. Foushee



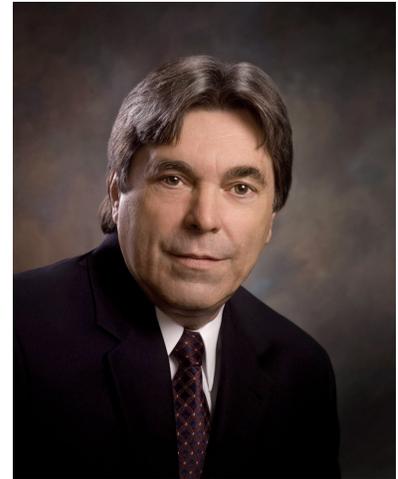
Alice M. Gordon



Barry Jacobs

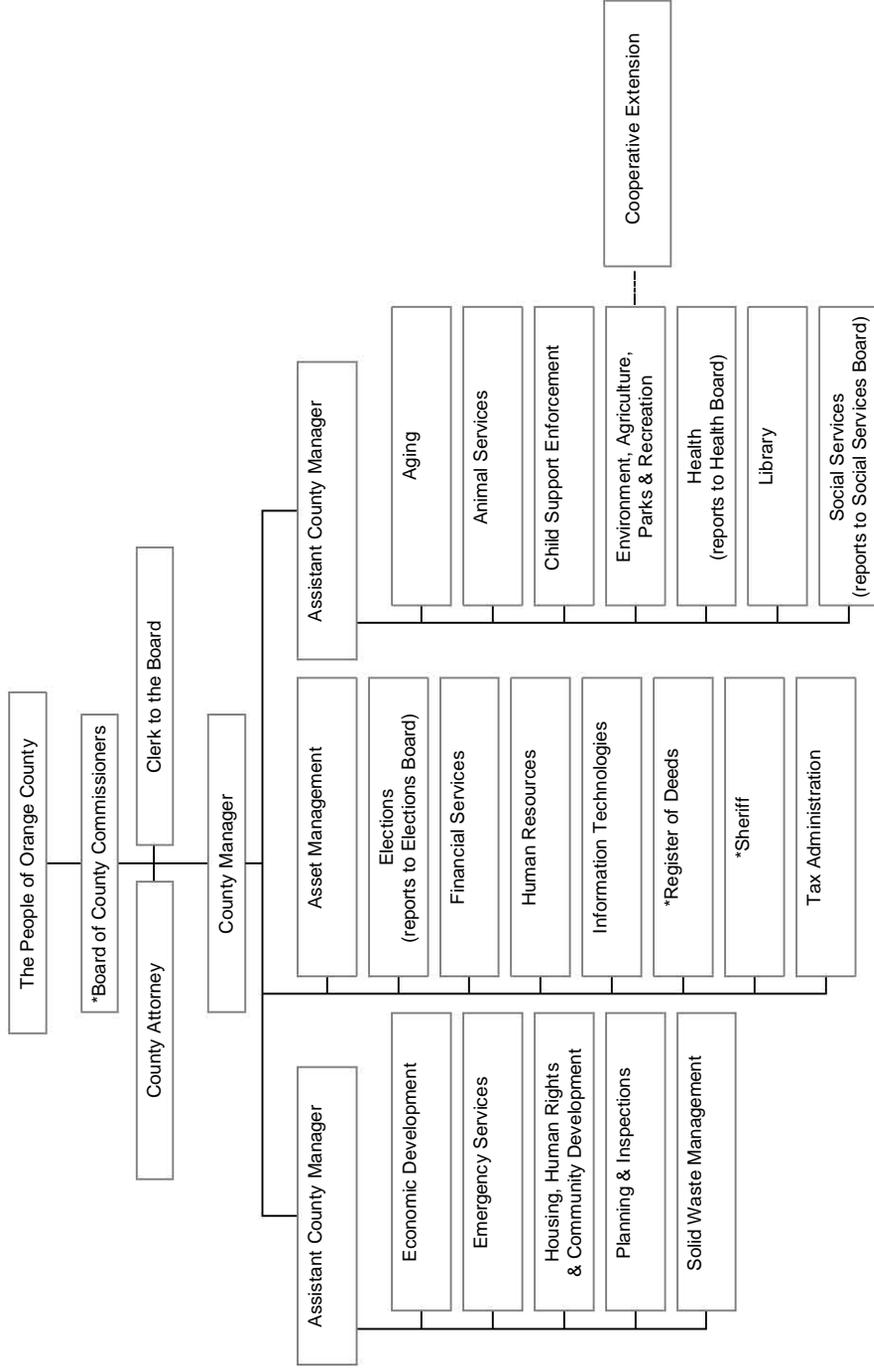


Earl McKee



Steve Yuhasz

# Orange County Government



**Financial Section**

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

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

## INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners  
Orange County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Orange County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Orange County ABC Board (the "Board") which represents 100% of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The Board was not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina, as of June 30, 2012, the respective changes in financial position and cash flows, where appropriate thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2012, on our consideration of Orange County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of Orange County, North Carolina, as a whole. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, and is also not a required part of the basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
November 20, 2012

# Orange County, North Carolina

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

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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, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### **Financial Highlights**

The liabilities of the County exceeded its assets at the close of the fiscal year by \$50.3 million (net assets). In accordance with North Carolina law, liabilities of the County include approximately \$149.2 million in long-term debt associated with assets belonging to the Orange County Board of Education and the Chapel Hill-Carrboro City Board of Education. As these assets are not reflected in the County's financial statements, and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a net deficit in net assets.

The government's total net assets increased by \$9.85 million. This increase results from a reduction of County expenditures/expenses to continue to deal with the results of, and the slow recovery from, the economic recession.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$88.5 million, an increase of \$22.5 million in comparison with the prior year. This results mainly from increased General Fund revenues and proceeds from debt financing and other sources of capital project financing totaling \$27 million in the current year. Approximately 39.1 percent of the ending fund balance, or \$34.6 million, is available for spending at the government's discretion (unassigned fund balance). Of the total fund balance, approximately \$6.1 million has been assigned for subsequent year's expenditures for programs, grants, and capital purposes. Unassigned fund balance totals \$34.6 million.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$35.1 million, or 21.1 percent of total General Fund expenditures for the fiscal year.

The County maintained its AAA (Fitch IBCA), Aa1 (Moody's Investor Services), and AA+ (Standard & Poor's) bond rating on general obligation bonds for the 15th consecutive year. During the year, all of the rating agencies reaffirmed the County's ratings.

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

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements 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.

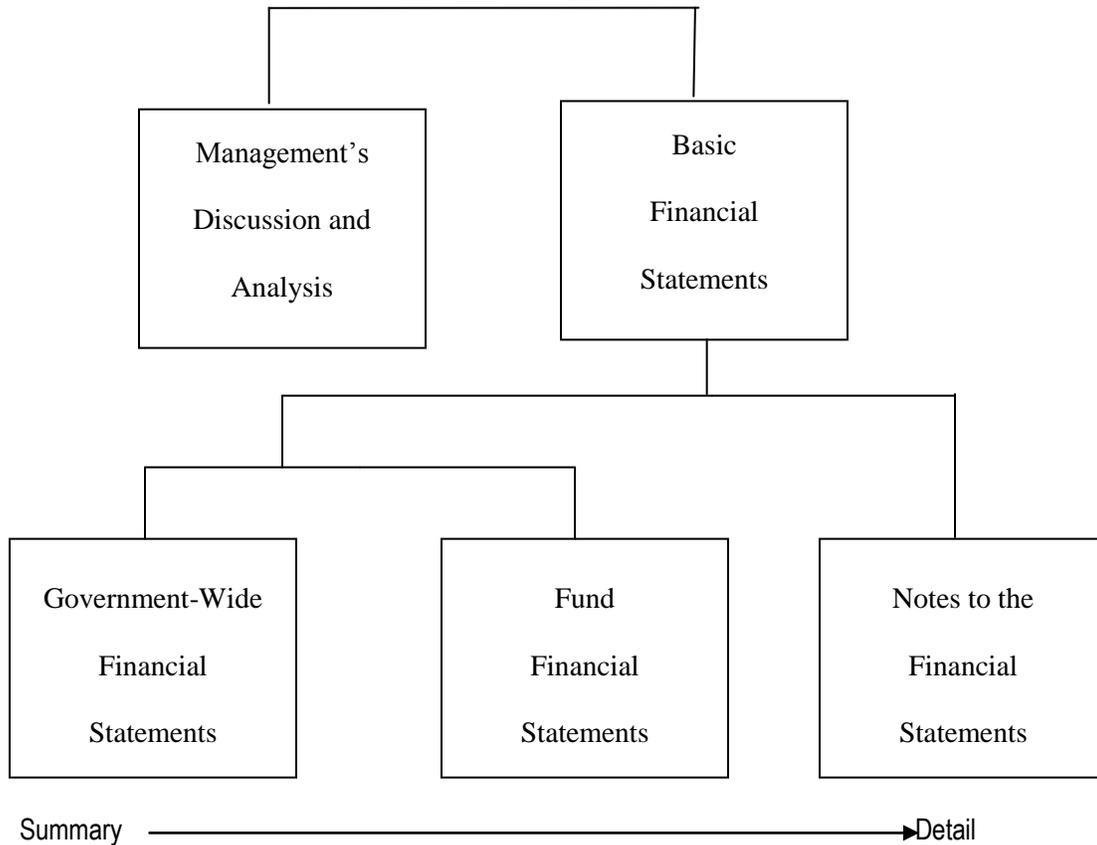
# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

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### 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)

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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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services, such as general administration, taxation and records, community planning, community maintenance, human services, education, public safety, and public works. Property and other taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide 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 16 through 18 of this report.

### **Fund Financial Statements**

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

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

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

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

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

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

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

**Notes to Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements are on pages 28-70 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 71 of this report.

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 101,487,786	\$ 78,036,440	\$ 19,328,000	\$ 14,407,394	\$ 120,815,786	\$ 92,443,834
Capital assets	105,709,128	104,891,105	15,187,153	15,564,145	120,896,281	120,455,250
Total assets	207,196,914	182,927,545	34,515,153	29,971,539	241,712,067	212,899,084
Long-term liabilities outstanding	254,578,230	239,651,266	26,308,784	22,100,249	280,887,014	261,751,515
Other liabilities	10,047,227	10,274,809	1,047,781	997,576	11,095,008	11,272,385
Total liabilities	264,625,457	249,926,075	27,356,565	23,097,825	291,982,022	273,023,900
Net assets:						
Invested in capital assets, net of related debt	35,398,235	33,142,313	4,404,980	6,877,907	39,803,215	40,020,220
Restricted	38,656,332	9,977,647	-	-	38,656,332	9,977,547
Unrestricted	(131,483,110)	(110,118,490)	2,753,608	(4,193)	(128,729,502)	(110,122,683)
Total net assets	\$ (57,428,543)	\$ (66,998,530)	\$ 7,158,588	\$ 6,873,714	\$ (50,269,955)	\$ (60,124,916)

As noted earlier, net assets may serve, over time, as one useful indicator of a government's financial condition. The liabilities of the County exceeded assets by \$50.3 million as of June 30, 2012. Net assets are reported in three categories: invested in capital assets, net of related debt, of \$39.8 million; restricted net assets of \$38.7 million; and unrestricted net deficit of \$128.7 million.

The invested in capital assets, net of related debt, category is defined as the County's investment in County-owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and sewer lines), less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. At June 30, 2012, the investment in capital assets, net of related debt, decreased by \$217,005.

The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2012, the total net deficit reported of \$50.3 million is attributable to the unrestricted net deficit balance of (\$128.7) million, which results from the debt financing related to school assets.

As with many counties in the State of North Carolina, the County's deficit in unrestricted net assets is due primarily to the portion of the County's outstanding debt incurred for the two school systems located within the County. Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal obligation to provide the school systems' capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the school systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$149.2 million of the outstanding debt on the County's financial statements was related to assets included in the school systems' financial statements. The majority of this school system related debt is general obligation debt, which is

## Orange County, North Carolina

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

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

As noted earlier, the government's total net assets increased by \$9.85 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 \$2.3 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 County issued limited obligation bonds to finance the construction of an 11<sup>th</sup> elementary school for the Chapel Hill-Carrboro City School District and purchase of EMS vehicles.
- The unassigned fund balance in the County's General Fund reflected an increase of \$7.4 million from the prior year. This increase occurred primarily from increased property and sales tax collections and a continued focus on decreasing expenditures. Unassigned fund balance is expected to increase in future fiscal years as the Board has committed to increasing fund balance with the return of improved economic conditions.

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 12,766,266	\$ 12,532,375	\$ 11,278,046	\$ 10,980,033	\$ 24,044,312	\$ 23,512,408
Operating grants and contributions	23,403,397	24,934,383	419,354	414,853	23,822,751	25,349,236
Capital grants and contributions	6,075,501	5,578,325	-	-	6,075,501	5,578,325
General revenues:						
Property taxes	141,596,821	140,247,782	-	-	141,596,821	140,247,782
Other taxes	17,233,583	15,115,418	-	-	17,233,583	15,115,418
Other	1,794,765	102,822	10,067	15,753	1,804,832	118,575
<b>Total revenues</b>	<b>202,870,333</b>	<b>198,511,105</b>	<b>11,707,467</b>	<b>11,410,639</b>	<b>214,577,800</b>	<b>209,921,744</b>
<b>Expenses:</b>						
General government	23,497,848	23,192,706	-	-	23,497,848	23,192,706
General services	7,222,770	7,155,635	-	-	7,222,770	7,155,635
Community and environment	9,786,774	10,288,447	-	-	9,786,774	10,288,447
Human services	33,431,309	33,536,733	-	-	33,431,309	33,536,733
Education	76,639,902	74,053,776	-	-	76,639,902	74,053,776
Public safety	23,717,846	22,352,109	-	-	23,717,846	22,352,109
Cultural and recreation	2,168,615	1,802,668	-	-	2,168,615	1,802,668
Interest on long-term debt	14,479,651	8,948,063	-	-	14,479,651	8,948,063
Landfill	-	-	10,552,420	10,436,377	10,552,420	10,436,377
Sewer	-	-	316,684	401,689	316,684	401,689
Sportsplex	-	-	2,909,120	2,977,153	2,909,120	2,977,153
<b>Total expenses</b>	<b>190,944,715</b>	<b>181,330,137</b>	<b>13,778,224</b>	<b>13,815,219</b>	<b>204,722,939</b>	<b>195,145,356</b>
Increase (decrease) in net assets before transfers	11,925,618	17,180,968	(2,070,757)	(2,404,580)	9,854,861	14,776,388
Transfers	(2,355,631)	(2,073,130)	2,355,631	2,073,130	-	-
<b>Total transfers and contributions</b>	<b>(2,355,631)</b>	<b>(2,073,130)</b>	<b>2,355,631</b>	<b>2,073,130</b>	<b>-</b>	<b>-</b>
<b>Increase(decrease) in net assets</b>	<b>9,569,987</b>	<b>15,107,838</b>	<b>284,874</b>	<b>(331,450)</b>	<b>9,854,861</b>	<b>14,776,388</b>
<b>Net Assets:</b>						
Beginning of year - July 1	(66,998,530)	(82,106,368)	6,873,714	7,205,164	(60,124,816)	(74,901,204)
End of year - June 30	\$ (57,428,543)	\$ (66,998,530)	\$ 7,158,588	\$ 6,873,714	\$ (50,269,955)	\$ (60,124,816)

**Governmental Activities.** Governmental activities increased the County's net assets by \$9.6 million. Key elements of this increase are as follows:

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

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

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**Business-Type Activities.** Business-type activities increased the County's net assets by only \$284,874. This increase came from increases in operating income in each of the three business activities combined with increases in operating transfers.

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

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

**Governmental Funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, available fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned balance of the General Fund was \$35.1 million, while total fund balance equaled \$47.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers. Unassigned fund balance represents 20 percent of total General Fund expenditures and transfers, while the total fund balance represents 27.3 percent of General Fund expenditures and transfers. The increase in fund balance resulted from revenues exceeding expenditures and transfers by \$10.6 million.

General Fund revenue at \$184.5 million was higher than the final amended budget. Property tax revenue makes up 74% of General Fund budgeted revenue. The General Fund revenue was \$4.2 million more than budget. Property tax increased by \$1.8 million from last year, or 1.4% from last year, primarily due to a 1.1% increase in the property tax base, increased collections of property taxes on registered motor vehicles and discoveries, which caused property tax revenues to exceed the budget by \$3.4 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 \$2.3 million from last year to \$17.5 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. The total amount relative to budget was \$87,110 lower than the amended budget for the year.

General Fund expenditures decreased \$8.8 million from last year to \$175.5 million. Expenditures, without financing uses, were \$8.6 million, or 5.0% under budget, which is higher than last year which was 3.0% 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. Total expenditures with other financing uses decreased by 6% from the previous fiscal year, which is less than the increase in the final budget from the prior year of 4.3%.

## Orange County, North Carolina

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

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Expenditures for debt service decreased the largest this fiscal year due to recent refunding and refinancing of general obligation and alternative financing debt. Slight increases incurred in other functional expenditure categories due to efforts to consolidate departments and the increasing staff levels in all departments.

The County Capital Improvement Fund reflected a decrease in fund balance of \$3.1 million; the School Capital Improvement Fund reflected an increase in fund balance of \$14.3 million. The decrease in the County Capital Project Fund is primarily a result of expending proceeds from the prior year debt issuances and the expenditures on a variety of County capital projects. The School Capital Project Fund increase was primarily the result of the receipt of \$5.5 million from the transfer of pay-as-you-go revenue from the General Fund, and \$21.5 million of proceeds from Limited Obligation Bonds issued to finance the construction of an 11<sup>th</sup> elementary school for the Chapel Hill–Carrboro City School District offset by project expenditures. Lottery proceeds of \$2.2 million were used to pay school related debt service in the General Fund during the fiscal year.

As of June 30, 2012, the nonmajor governmental funds of the County reported a combined fund balance of \$7.3 million, an increase of \$702,678 from last year. This increase is attributable mainly to receipt of new grant funds and other sources in the various nonmajor governmental funds netted with reduced expenditures for older programs being closed during the fiscal year.

**Proprietary Funds.** As mentioned previously in business-type activities, the net assets in the enterprise funds decreased by \$284,874. This decrease came primarily from increases in operating losses in each of the three business activities combined with decreases in operating transfers and the fact that there was no capital contribution. Revenue decreased slightly in all proprietary funds, but these increases were offset by increases in all three enterprise funds. The most significant increase in expenses relates to post-closure costs in the Solid Waste Enterprise Fund which went up by \$1.8 million.

**General Fund Budgetary Highlights.** During the 2012 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 2012, the County's contribution to education funding, including operations, short and long-range capital needs and debt service obligations, totaled \$93.4 million, over 43.2 percent of the total governmental funds expenditures for the year.

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

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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 2012, an additional appropriation from fund balance during the year of \$2.2 million was provided additional funding for school related capital projects. Total amendments to the General Fund increased appropriations by approximately \$7.0 million.

**Proprietary Funds.** The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net assets in the proprietary funds at the end of the fiscal year amounted to \$2,753,608. As previously indicated, the decrease in net assets for the proprietary funds was \$284,874. 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, 2012 totals \$120.9 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	
	2012	2011	2012	2011	2012	2011
Land	\$ 13,008,016	\$ 13,008,016	\$ 1,907,609	\$ 1,907,609	\$ 14,915,625	\$ 14,915,625
Land improvements	4,949,636	4,949,636	648,826	666,837	5,598,462	5,616,473
Water resources - Lake Orange	481,624	481,624	-	-	481,624	481,624
Buildings	65,627,617	68,356,315	8,737,679	9,107,864	74,365,296	77,464,179
Leasehold improvements	2,985,196	3,155,779	-	-	2,985,196	3,155,779
Sewer lines	-	-	2,541,252	2,628,386	2,541,252	2,628,386
Automotive equipment	1,860,522	1,587,734	992,662	-	2,853,184	1,587,734
Office and other equipment	1,731,755	1,865,651	-	1,078,511	1,731,755	2,944,162
Construction in progress	15,064,762	11,486,350	359,125	174,934	15,423,887	11,661,284
Total	<u>\$ 105,709,128</u>	<u>\$ 104,891,105</u>	<u>\$ 15,187,153</u>	<u>\$ 15,564,141</u>	<u>\$ 120,896,281</u>	<u>\$ 120,455,246</u>

Major capital asset transactions during the year include:

- Purchased construction in progress on various County and school projects.
- Purchased ambulances.
- 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)

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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, 2012, the County had total bonded debt outstanding of \$95.5 million, all of which is debt backed by the full faith credit of the County. In addition, the County has several capital leases related to equipment financings outstanding of \$3.1 million and several installment notes with a total outstanding balance of \$124.6 million. A summary of total long-term debt and other long-term liabilities is shown in Figure 5.

#### The County's Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 95,520,000	\$ 103,490,000	\$ -	\$ -	\$ 95,520,000	\$ 103,490,000
Installment notes payable	114,393,535	109,732,855	10,175,318	7,661,447	124,568,853	117,394,302
Obligations under capital leases	2,486,176	3,200,000	606,855	1,024,791	3,093,031	4,224,791
Bond issuance items, net	14,651,812	920,334	-	-	14,651,812	920,334
Accrued compensated absences	5,097,695	3,378,378	363,108	249,623	5,460,803	3,628,001
Separation allowance	533,395	491,635	-	-	533,395	491,635
Post-closure liability	-	-	13,741,104	11,966,601	13,741,104	11,966,601
OPEB liability	21,895,617	18,438,064	1,422,399	1,197,787	23,318,016	19,635,851
Total	\$ 254,578,230	\$ 239,651,266	\$ 26,308,784	\$ 22,100,249	\$ 280,887,014	\$ 261,751,515

The County's total long-term debt and obligations increased by \$19.1 million, or 7.3% during the past fiscal year. The increase is mainly due to net of proceeds received for limited obligation bonds of \$25 million, increases in OPEB liability of \$3.5 million, and increases in the post-closure liability for the landfill of \$1.8, net principal payments for the outstanding debt obligations.

The County's most recent bond ratings, received in connection with the general obligation refunding bonds issued in March 2012, are shown below:

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

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is approximately \$1 billion. The County has \$223.2 million total net debt applicable to the limit. The County has \$23,900,000 in bonds authorized, but unissued, at June 30, 2012.

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

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

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

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

The County enjoys a consistently low unemployment rate. The unemployment rate estimated by the North Carolina Employment Security Commission for September 2012 was 6.3%, 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, North Carolina Central University in the City of Durham, and North Carolina State University in the City of Raleigh. The proximity of these universities makes the Research Triangle area well suited to many types of research activities.

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

According to the Research Triangle Foundation, the Park represents a capital investment exceeding \$2.8 billion. As of June 2012, approximately 42,000 people were employed at the Park with an annual payroll of approximately \$2.7 billion with an average salary of \$57,500. Approximately 82% of the employees in the Park work for multi-national corporations. Because of its close proximity to the County and the fact that many of the Park's employees reside in the County, the impact of the Park on the County's economy is significant.

### **Budget Highlights for the Fiscal Year Ending June 30, 2013**

**Governmental Activities.** The County has approved a \$180.0 million General Fund budget for fiscal year 2013 which represents a \$1.8 million, or 1.1%, increase from fiscal year 2012. This budget was balanced by not increasing the property tax rate for the upcoming fiscal year. This was the fourth time in twenty years property taxes were not increased. The budgeted per pupil allocation for education was increased to \$3,167, which represents a \$65.00 per pupil increase from the previous year allocation of \$3,096.

## **Orange County, North Carolina**

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

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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 \$2.5 million for fiscal year 2012-13.

In reference to business-type activities, those budgets were increased by \$2.8 million. The majority of the increase was in the Solid Waste Enterprise Fund. In fiscal year 2013, the County will close the landfill and will incur approximately \$3.1 million of expenditures.

#### **Requests for Information**

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

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

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## **Basic Financial Statements**

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## ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Primary Government			Component Unit	Reporting Unit
	Governmental Activities	Business-Type Activities	Total	Orange County ABC Board	Total
<b>Assets:</b>					
Cash and investments	\$ 53,383,724	\$ 16,153,965	\$ 69,537,689	\$ 1,625,538	\$ 71,163,227
Receivables, property taxes, net	2,915,769	-	2,915,769	-	2,915,769
Receivables, federal intergovernmental	320,318	-	320,318	-	320,318
Receivables, State intergovernmental	8,452,561	64,455	8,517,016	-	8,517,016
Receivables, other	2,212,149	295,773	2,507,922	2,275	2,510,197
Inventories	17,788	-	17,788	1,404,190	1,421,978
Internal balances	202,983	(202,983)	-	-	-
Prepaid expenses	16,946	16,790	33,736	93,459	127,195
Restricted assets:					
Cash and investments	33,094,025	3,000,000	36,094,025	-	36,094,025
Other assets	871,523	-	871,523	10,747	882,270
Capital assets:					
Non-depreciable	33,504,038	2,266,733	35,770,771	1,085,776	36,856,547
Depreciable, net	72,205,090	12,920,420	85,125,510	1,503,673	86,629,183
Total assets	207,196,914	34,515,153	241,712,067	5,725,658	247,437,725
<b>Liabilities:</b>					
Accounts payable	3,561,065	554,706	4,115,771	474,927	4,590,698
Payroll withholdings	2,612,221	192,315	2,804,536	-	2,804,536
Accrued liabilities	3,454,945	119,954	3,574,899	434,944	4,009,843
Arbitrage payable	39,376	-	39,376	-	39,376
Unearned revenues	379,620	180,806	560,426	-	560,426
Long-term liabilities:					
Due within one year	19,345,126	1,313,186	20,658,312	-	20,658,312
Due in more than one year	235,233,104	24,995,598	260,228,702	-	260,228,702
Total liabilities	264,625,457	27,356,565	291,982,022	909,871	292,891,893
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	35,398,235	4,404,980	39,803,215	2,589,449	42,392,664
Restricted for:					
Stabilization by State statute	11,153,113	-	11,153,113	-	11,153,113
Education	25,359,245	-	25,359,245	-	-
Public safety	979,080	-	979,080	-	-
Community and environment	1,164,894	-	1,164,894	-	-
Unrestricted	(131,483,110)	2,753,608	(128,729,502)	2,226,338	(126,503,164)
Total net assets	\$ (57,428,543)	\$ 7,158,588	\$ (50,269,955)	\$ 4,815,787	\$ (45,454,168)

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

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

	<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	\$ 23,497,848	\$ 2,318,029	\$ 847,520	\$ -
General Services	7,222,770	3,123,483	577,153	3,016,864
Community and environment	9,786,774	201,926	4,964,638	
Human services	33,431,309	1,512,331	16,385,082	725,402
Education	76,639,902	-	33,759	2,333,235
Public safety	23,717,846	5,331,137	476,619	-
Cultural and recreational	2,168,615	279,360	118,626	-
Interest on long-term debt	14,479,651	-	-	-
Total governmental activities	<u>190,944,715</u>	<u>12,766,266</u>	<u>23,403,397</u>	<u>6,075,501</u>
<b>Business-Type Activities:</b>				
Landfill	10,552,420	8,346,142	419,354	-
Sewer	316,684	146,202	-	-
SportsPlex	2,909,120	2,785,702	-	-
Total business-type activities	<u>13,778,224</u>	<u>11,278,046</u>	<u>419,354</u>	<u>-</u>
Total primary government	<u>\$ 204,722,939</u>	<u>\$ 24,044,312</u>	<u>\$ 23,822,751</u>	<u>\$ 6,075,501</u>
<b>Component Unit:</b>				
ABC Board	<u>\$ 15,003,037</u>	<u>\$ 15,448,930</u>	<u>\$ -</u>	<u>\$ -</u>

**General Revenues:**

Property taxes  
 Sales tax  
 Occupancy tax  
 Unrestricted investment earnings  
 Total general revenues  
  
 Transfers  
  
 Total general revenues and transfers  
  
 Change in net assets  
  
**Net Assets:**  
 Beginning of year - July 1  
  
 End of year - June 30

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

**Exhibit B**

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

<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>
\$ (20,332,299)	\$ -	\$ (20,332,299)	\$ -	\$ (20,332,299)
(505,270)	-	(505,270)	-	(505,270)
(4,620,210)	-	(4,620,210)	-	(4,620,210)
(14,808,494)	-	(14,808,494)	-	(14,808,494)
(74,272,908)	-	(74,272,908)	-	(74,272,908)
(17,910,090)	-	(17,910,090)	-	(17,910,090)
(1,770,629)	-	(1,770,629)	-	(1,770,629)
(14,479,651)	-	(14,479,651)	-	(14,479,651)
<u>(148,699,551)</u>	<u>-</u>	<u>(148,699,551)</u>	<u>-</u>	<u>(148,699,551)</u>
-	(1,786,924)	(1,786,924)	-	(1,786,924)
-	(170,482)	(170,482)	-	(170,482)
-	(123,418)	(123,418)	-	(123,418)
<u>-</u>	<u>(2,080,824)</u>	<u>(2,080,824)</u>	<u>-</u>	<u>(2,080,824)</u>
<u>(148,699,551)</u>	<u>(2,080,824)</u>	<u>(150,780,375)</u>	<u>-</u>	<u>(150,780,375)</u>
-	-	-	445,893	445,893
141,596,821	-	141,596,821	-	141,596,821
17,233,583	-	17,233,583	-	17,233,583
1,038,383	-	1,038,383	-	1,038,383
<u>756,382</u>	<u>10,067</u>	<u>766,449</u>	<u>5,076</u>	<u>771,525</u>
160,625,169	10,067	160,635,236	5,076	160,640,312
<u>(2,355,631)</u>	<u>2,355,631</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>158,269,538</u>	<u>2,365,698</u>	<u>160,635,236</u>	<u>5,076</u>	<u>160,640,312</u>
9,569,987	284,874	9,854,861	450,969	10,305,830
<u>(66,998,530)</u>	<u>6,873,714</u>	<u>(60,124,816)</u>	<u>4,364,818</u>	<u>(55,759,998)</u>
<u>\$ (57,428,543)</u>	<u>\$ 7,158,588</u>	<u>\$ (50,269,955)</u>	<u>\$ 4,815,787</u>	<u>\$ (45,454,168)</u>

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

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2012

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	County Capital Improvements	School Capital Improvements	Other Governmental Funds	
<b>Assets:</b>					
Cash and investments	\$ 44,800,371	\$ 23,586	\$ 1,749,001	\$ 6,098,981	\$ 52,671,939
Accounts receivable, property taxes, net	2,820,166	-	-	95,603	2,915,769
Accounts receivable, federal	311,721	-	-	8,597	320,318
Accounts receivable, State	6,634,647	1,062,032	-	755,882	8,452,561
Accounts receivable, other	338,811	-	-	1,873,338	2,212,149
Inventories	17,788	-	-	-	17,788
Due from other funds	366,096	66,983	-	-	433,079
Prepays	16,946	-	-	-	16,946
Restricted cash and investments	1,083,713	6,651,067	25,359,245	-	33,094,025
Total assets	<u>\$ 56,390,259</u>	<u>\$ 7,803,668</u>	<u>\$ 27,108,246</u>	<u>\$ 8,832,401</u>	<u>\$ 100,134,574</u>
<b>Liabilities:</b>					
Accounts payable	\$ 1,853,107	\$ 272,951	\$ 1,254,066	\$ 154,170	\$ 3,534,294
Accrued payroll and withholdings	2,612,221	-	-	-	2,612,221
Accrued liabilities	867,115	-	-	-	867,115
Due to other funds	-	-	-	230,096	230,096
Arbitrage payable	-	14,637	24,739	-	39,376
Deferred revenue	3,198,310	-	-	1,160,738	4,359,048
Total liabilities	<u>8,530,753</u>	<u>287,588</u>	<u>1,278,805</u>	<u>1,545,004</u>	<u>11,642,150</u>
<b>Fund Balances:</b>					
Non-spendable:					
Prepaid items	16,946	-	-	-	16,946
Inventories	17,788	-	-	-	17,788
Restricted for:					
Stabilization for State statute	8,399,062	1,129,015	-	1,625,036	11,153,113
Restricted, all other	921,525	6,651,067	25,359,245	2,143,974	35,075,811
Committed	145,919	-	470,196	869,680	1,485,795
Assigned	3,212,872	-	-	2,903,661	6,116,533
Unassigned	35,145,394	(264,002)	-	(254,954)	34,626,438
Total fund balances	<u>47,859,506</u>	<u>7,516,080</u>	<u>25,829,441</u>	<u>7,287,397</u>	<u>88,492,424</u>
Total liabilities and fund balances	<u>\$ 56,390,259</u>	<u>\$ 7,803,668</u>	<u>\$ 27,108,246</u>	<u>\$ 8,832,401</u>	<u>\$ 100,134,574</u>

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

**ORANGE COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<b>Total Governmental Funds</b>
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Ending fund balance - governmental funds	\$ 88,492,424
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	105,709,128
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,979,428
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.	(2,587,830)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. This is the amount of the deferred loan costs from the cost to issue debt.	871,523
Internal service funds are used by management to charge the costs of dental insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	685,014
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>(254,578,230)</u>
Net assets of governmental activities	<u>\$ (57,428,543)</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, 2012

	Major Funds			Nonmajor	Total Governmental Funds
	General	County	School	Other	
		Capital Improvements	Capital Improvements	Governmental Funds	
<b>Revenues:</b>					
Property taxes	\$ 136,485,507	\$ -	\$ -	\$ 4,656,071	\$ 141,141,578
Sales tax	17,562,303	-	-	709,663	18,271,966
Intergovernmental revenues	19,794,026	3,016,864	-	5,778,072	28,588,962
Charges for services	9,406,210	-	-	687,871	10,094,081
Investment earnings	51,291	693,140	7,438	4,373	756,242
Licenses and permits	329,265	-	-	-	329,265
Impact fees	-	-	-	1,648,235	1,648,235
Asset management	-	-	-	63,575	63,575
Miscellaneous	824,545	171,780	33,759	365,015	1,395,099
Total revenues	<u>184,453,147</u>	<u>3,881,784</u>	<u>41,197</u>	<u>13,912,875</u>	<u>202,289,003</u>
<b>Expenditures:</b>					
Current:					
Governing and management	11,946,149	-	-	-	11,946,149
General services	5,602,554	-	-	953,510	6,556,064
Community and environment	5,613,530	-	-	6,694,766	12,308,296
Human services	32,276,333	-	-	385,252	32,661,585
Education	63,939,903	-	-	-	63,939,903
Public safety	18,875,222	-	-	4,188,423	23,063,645
Culture and recreation	2,078,964	-	-	-	2,078,964
Capital outlay	-	7,079,948	12,699,999	-	19,779,947
Debt service:					
Principal	18,718,055	-	-	-	18,718,055
Interest and fees	7,745,070	7,535,123	-	-	15,280,193
Total expenditures	<u>166,795,780</u>	<u>14,615,071</u>	<u>12,699,999</u>	<u>12,221,951</u>	<u>206,332,801</u>
Revenues over (under) expenditures	<u>17,657,367</u>	<u>(10,733,287)</u>	<u>(12,658,802)</u>	<u>1,690,924</u>	<u>(4,043,798)</u>
<b>Other Financing Sources (Uses):</b>					
Bond premium	-	14,195,360	-	-	14,195,360
Refunding bonds	-	96,693,500	-	-	96,693,500
Installment loan issuances	531,500	-	21,500,000	-	22,031,500
Payment to escrow agent	-	(104,030,089)	-	-	(104,030,089)
Transfers in	1,040,000	783,243	5,453,620	386,648	7,663,511
Transfers out	(8,654,248)	-	-	(1,374,894)	(10,029,142)
Total other financing sources (uses)	<u>(7,082,748)</u>	<u>7,642,014</u>	<u>26,953,620</u>	<u>(988,246)</u>	<u>26,524,640</u>
Net change in fund balances	10,574,619	(3,091,273)	14,294,818	702,678	22,480,842
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>37,284,887</u>	<u>10,607,353</u>	<u>11,534,623</u>	<u>6,584,719</u>	<u>66,011,582</u>
End of year - June 30	<u>\$ 47,859,506</u>	<u>\$ 7,516,080</u>	<u>\$ 25,829,441</u>	<u>\$ 7,287,397</u>	<u>\$ 88,492,424</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, 2012**

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) \$ 22,480,842

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	5,241,065
Depreciation expense	(4,369,158)
Other capital adjustments	(53,884)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred revenue	455,243
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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. (164,369)

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. 501,029

The issuance of long-term debt provides for current financial resources of governmental funds. This amount is the proceeds on debt issuances recoded in the governmental funds. (28,426,389)

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. 18,718,055

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. (5,218,630)

The internal service funds are used by management to charge the costs of dental insurance and OPC retiree health insurance.	406,183
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Change in net assets of governmental activities	\$ 9,569,987
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*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, 2012**

	<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	\$ 133,081,175	\$ 133,081,175	\$ 136,485,507	\$ 3,404,332
Sales tax	15,283,790	15,283,790	17,562,303	2,278,513
Intergovernmental revenues	16,540,405	21,156,401	19,794,026	(1,362,375)
Charges for services	9,392,217	9,480,603	9,406,210	(74,393)
Investment earnings	140,000	140,000	51,201	(88,799)
Licenses and permits	313,000	313,000	329,265	16,265
Miscellaneous	699,001	764,728	824,545	59,817
Total revenues	<u>175,449,588</u>	<u>180,219,697</u>	<u>184,453,057</u>	<u>4,233,360</u>
<b>Expenditures:</b>				
Governing and management	14,072,861	13,929,649	11,946,149	(1,983,500)
General services	6,089,215	6,254,778	5,602,554	(652,224)
Community and environment	5,927,049	6,095,932	5,520,835	(575,097)
Human services	32,523,916	35,300,904	32,276,333	(3,024,571)
Education	63,939,903	63,939,903	63,939,903	-
Public safety	19,699,379	20,322,960	18,875,222	(1,447,738)
Cultural and recreational	2,093,995	2,145,759	2,078,964	(66,795)
Debt service:				
Principal	18,668,935	18,668,935	18,718,055	49,120
Interest and fees	8,686,719	8,686,719	7,745,070	(941,649)
Total expenditures	<u>171,701,972</u>	<u>175,345,539</u>	<u>166,703,085</u>	<u>(8,642,454)</u>
Revenues over (under) expenditures	<u>3,747,616</u>	<u>4,874,158</u>	<u>17,749,972</u>	<u>12,875,814</u>
<b>Other Financing Sources (Uses):</b>				
Capital lease issuance	531,600	574,484	531,500	(42,984)
Transfers in	1,064,917	1,064,917	1,040,000	(24,917)
Transfers out	(6,475,550)	(9,864,248)	(8,839,248)	1,025,000
Appropriated fund balance	1,131,417	3,350,689	-	(3,350,689)
Total other financing sources (uses)	<u>(3,747,616)</u>	<u>(4,874,158)</u>	<u>(7,267,748)</u>	<u>(2,393,590)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	10,482,224	<u>\$ 10,482,224</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>37,231,363</u>	
End of year - June 30			<u>\$ 47,713,587</u>	

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

## ORANGE COUNTY, NORTH CAROLINA

**PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2012**

	<b>Major</b>		<b>Nonmajor</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>	
	<b>Solid Waste Fund</b>	<b>SportsPlex Fund</b>	<b>Efland Sewer Fund</b>		<b>Dental Insurance Fund</b>	<b>OPC Retiree Health Fund</b>
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 14,833,852	\$ 1,156,912	\$ 163,201	\$ 16,153,965	\$ 201,779	\$ 510,006
Accounts receivable, state	64,455	-	-	64,455	-	-
Accounts receivable, other	214,204	81,569	-	295,773	-	-
Prepaid expenses	-	16,790	-	16,790	-	-
Restricted cash and investments	3,000,000	-	-	3,000,000	-	-
Total current assets	<u>18,112,511</u>	<u>1,255,271</u>	<u>163,201</u>	<u>19,530,983</u>	<u>201,779</u>	<u>510,006</u>
Non-current assets:						
Non-depreciable assets	1,617,824	591,792	57,117	2,266,733	-	-
Capital assets, net of depreciation	4,591,050	5,788,118	2,541,252	12,920,420	-	-
Total non-current assets	<u>6,208,874</u>	<u>6,379,910</u>	<u>2,598,369</u>	<u>15,187,153</u>	<u>-</u>	<u>-</u>
Total assets	<u>24,321,385</u>	<u>7,635,181</u>	<u>2,761,570</u>	<u>34,718,136</u>	<u>201,779</u>	<u>510,006</u>
<b>Liabilities and Net Assets:</b>						
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable	475,009	46,331	33,366	554,706	26,771	-
Payroll withholdings	174,999	17,316	-	192,315	-	-
Accrued liabilities	24,687	-	-	24,687	-	-
Accrued interest	56,614	38,653	-	95,267	-	-
Due to other funds	-	-	202,983	202,983	-	-
Unearned revenues	-	180,806	-	180,806	-	-
Current portion of long-term debt	494,384	600,937	-	1,095,321	-	-
Compensated absences, current portion	217,865	-	-	217,865	-	-
Total current liabilities	<u>1,443,558</u>	<u>884,043</u>	<u>236,349</u>	<u>2,563,950</u>	<u>26,771</u>	<u>-</u>
Non-current liabilities:						
Compensated absences	145,243	-	-	145,243	-	-
Post-closing liability	13,741,104	-	-	13,741,104	-	-
OPEB liability	1,422,399	-	-	1,422,399	-	-
Long-term debt	4,872,705	4,814,147	-	9,686,852	-	-
Total non-current liabilities	<u>20,181,451</u>	<u>4,814,147</u>	<u>-</u>	<u>24,995,598</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>21,625,009</u>	<u>5,698,190</u>	<u>236,349</u>	<u>27,559,548</u>	<u>26,771</u>	<u>-</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	841,785	964,826	2,598,369	4,404,980	-	-
Unrestricted	1,854,591	972,165	(73,148)	2,753,608	175,008	510,006
Total net assets	<u>\$ 2,696,376</u>	<u>\$ 1,936,991</u>	<u>\$ 2,525,221</u>	<u>\$ 7,158,588</u>	<u>\$ 175,008</u>	<u>\$ 510,006</u>

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

## ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Major		Nonmajor	Total Enterprise Funds	Internal Service Funds	
	Solid Waste Fund	SportsPlex Fund	Efland Sewer Fund		Dental Insurance Fund	OPC Retiree Health Fund
<b>Operating Revenues:</b>						
Landfill fees	\$ 8,236,087	\$ -	\$ -	\$ 8,236,087	\$ -	\$ -
Service fees	-	2,785,702	146,202	2,931,904	-	-
Other	110,055	-	-	110,055	-	-
Employee contributions	-	-	-	-	362,899	510,006
Total operating revenues	<u>8,346,142</u>	<u>2,785,702</u>	<u>146,202</u>	<u>11,278,046</u>	<u>362,899</u>	<u>510,006</u>
<b>Operating Expenses:</b>						
Landfill	5,982,636	-	-	5,982,636	-	-
General and administrative	1,982,067	2,432,792	184,850	4,599,709	38,210	-
Repairs and maintenance	-	-	44,700	44,700	-	-
Depreciation	786,278	259,010	87,134	1,132,422	-	-
Post-closing cost	1,774,503	-	-	1,774,503	-	-
Claims expense	-	-	-	-	438,652	-
Total operating expenses	<u>10,525,484</u>	<u>2,691,802</u>	<u>316,684</u>	<u>13,533,970</u>	<u>476,862</u>	<u>-</u>
Operating income (loss)	<u>(2,179,342)</u>	<u>93,900</u>	<u>(170,482)</u>	<u>(2,255,924)</u>	<u>(113,963)</u>	<u>510,006</u>
<b>Non-Operating Revenues (Expenses):</b>						
Investment earnings	10,001	-	66	10,067	140	-
Interest and fees	(26,936)	(217,318)	-	(244,254)	-	-
Grant - State	419,354	-	-	419,354	-	-
Total non-operating revenues (expenses)	<u>402,419</u>	<u>(217,318)</u>	<u>66</u>	<u>185,167</u>	<u>140</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(1,776,923)</u>	<u>(123,418)</u>	<u>(170,416)</u>	<u>(2,070,757)</u>	<u>(113,823)</u>	<u>510,006</u>
Transfers in	<u>1,617,852</u>	<u>649,279</u>	<u>88,500</u>	<u>2,355,631</u>	<u>10,000</u>	<u>-</u>
Change in net assets	<u>(159,071)</u>	<u>525,861</u>	<u>(81,916)</u>	<u>284,874</u>	<u>(103,823)</u>	<u>510,006</u>
<b>Net Assets:</b>						
Beginning of year - July 1	<u>2,855,447</u>	<u>1,411,130</u>	<u>2,607,137</u>	<u>6,873,714</u>	<u>278,831</u>	<u>-</u>
End of year - June 30	<u>\$ 2,696,376</u>	<u>\$ 1,936,991</u>	<u>\$ 2,525,221</u>	<u>\$ 7,158,588</u>	<u>\$ 175,008</u>	<u>\$ 510,006</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, 2012

	Major		Nonmajor	Total Enterprise Funds	Internal Service Funds	
	Solid Waste Fund	SportsPlex Fund	Efland Sewer Fund		Dental Insurance Fund	OPC Retiree Health Fund
<b>Cash Flows from Operating Activities:</b>						
Cash received from customers	\$ 8,557,118	\$ 2,780,440	\$ -	\$ 11,337,558	\$ -	\$ 510,006
Cash received from assessments	-	-	146,202	146,202	-	-
Cash received from employee contributions	-	-	-	-	362,899	-
Cash paid to employees	365,741	5,574	-	371,315	-	-
Cash paid for goods and services	(7,921,536)	(2,404,612)	(231,238)	(10,557,386)	(38,210)	-
Cash paid for claims	-	-	-	-	(422,804)	-
Net cash provided (used) by operating activities	<u>1,001,323</u>	<u>381,402</u>	<u>(85,036)</u>	<u>1,297,689</u>	<u>(98,115)</u>	<u>510,006</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Transfers in	1,617,852	649,279	88,500	2,355,631	10,000	-
Non-capital grants	419,354	-	-	419,354	-	-
Net cash provided (used) by non-capital financing activities	<u>2,037,206</u>	<u>649,279</u>	<u>88,500</u>	<u>2,774,985</u>	<u>10,000</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Payments related to the acquisition of capital assets	(571,244)	(184,190)	-	(755,434)	-	-
Interest paid on long-term debt	(57,636)	(256,620)	-	(314,256)	-	-
Proceeds on debt issuance	3,000,000	-	-	3,000,000	-	-
Payments related to the payment of debt	(527,698)	(376,367)	-	(904,065)	-	-
Net cash provided (used) by capital and related financing activities	<u>1,843,422</u>	<u>(817,177)</u>	<u>-</u>	<u>1,026,245</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>						
Interest on investments	10,001	-	66	10,067	140	-
Net increase (decrease) in cash and cash equivalents	4,891,952	213,504	3,530	5,108,986	(87,975)	510,006
<b>Cash and Cash Equivalents:</b>						
Beginning of year - July 1	<u>12,941,900</u>	<u>943,408</u>	<u>159,671</u>	<u>14,044,979</u>	<u>289,754</u>	<u>-</u>
End of year - June 30	<u>\$ 17,833,852</u>	<u>\$ 1,156,912</u>	<u>\$ 163,201</u>	<u>\$ 19,153,965</u>	<u>\$ 201,779</u>	<u>\$ 510,006</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$ (2,179,342)	\$ 93,900	\$ (170,482)	\$ (2,255,924)	\$ (113,963)	\$ 510,006
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	786,278	259,010	87,134	1,132,422	-	-
Post-closure cost	1,774,503	-	-	1,774,503	-	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	210,976	(21,157)	-	189,819	-	-
(Increase) decrease in prepaid expenses	-	(1,445)	-	(1,445)	-	-
Increase (decrease) in accounts payable and accrued liabilities	184,296	29,625	(1,688)	212,233	15,848	-
Increase (decrease) in compensated absences payable	-	5,574	-	5,574	-	-
Increase (decrease) in unearned revenues	-	15,895	-	15,895	-	-
Increase (decrease) in other post-employment benefits	224,612	-	-	224,612	-	-
Net cash provided (used) by operating activities	<u>\$ 1,001,323</u>	<u>\$ 381,402</u>	<u>\$ (85,036)</u>	<u>\$ 1,297,689</u>	<u>\$ (98,115)</u>	<u>\$ 510,006</u>

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

**ORANGE COUNTY, NORTH CAROLINA**

**FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2012**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 467,730
Accounts receivable, property taxes, net	201,497
Accounts receivable, other	<u>7,259</u>
Total assets	<u>\$ 676,486</u>
<b>Liabilities:</b>	
Accounts payable	\$ 608,677
Due to cooperative extension	<u>67,809</u>
Total liabilities	<u>\$ 676,486</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, 2012

### 1. Summary of Significant Accounting Policies

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

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

#### A. Reporting Entity

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

#### Discretely Presented Component Unit

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

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

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

#### Orange County Industrial Facility and Pollution Control Financing Authority

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 Assets and the Statement of Activities report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements in all material areas. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

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

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

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

The County reports the following major governmental funds:

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

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

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The County reports the following major enterprise funds:

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

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

Additionally, the County reports the following fund types:

Other nonmajor governmental funds: Impact Fee, Community Development, School Capital Reserve, Section 8 Housing, Grant Supported, Grant Projects, Emergency Telephone System, Visitors' Bureau, Local Fire Districts, Heusner, Library Development, Adoption Enhancement, Recreation Subdivision, Article 46 Sales Tax, Piedmont Food & Agricultural Processing Center, Spay Neuter, and County Capital Reserve.

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

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

**Orange Person Chatham (OPC) Health Insurance Internal Service Fund.** The OPC Health Insurance Fund is used to account for the health insurance contributions and premiums of the OPC employees that have joined the County's health insurance plan.

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

specific social service clients; and 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.

### **Measurement Focus and Basis of Accounting**

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

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

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

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

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

**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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements.

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

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

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### C. Budgetary Data

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

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 2012:

	<u>Original Budget</u>	<u>Total Amendments</u>	<u>Revised Budget</u>
General Fund	\$ 178,177,522	\$ 7,033,165	\$ 185,210,687
Capital Project Funds:			
County Capital Improvements	101,462,635	8,456,804	109,919,439
School Capital Improvements	28,789,092	27,453,620	56,242,712
Special Revenue Funds:			
Impact Fee	-	1,040,000	1,040,000
Property Revaluation	220,365	6,681	227,046
Community Development	19,095,090	1,006,759	20,101,849
Housing Fund	4,685,180	-	4,685,180
Grant Supported Projects	632,038	(6,451)	625,587
Grant Projects Fund	12,801,918	386,160	13,188,078
Emergency Telephone System	506,348	86,209	592,557
Visitor's Bureau	1,078,005	23,197	1,101,202
Fire Districts	3,561,801	45,000	3,606,801
Spay and Neuter	46,000	784	46,784
Adoption Enhancement	505,401	23,604	529,005
Enterprise Funds:			
Solid Waste/Landfill	12,354,507	3,459,901	15,814,408
Efland Sewer Operating	230,500	-	230,500
SportsPlex	3,190,329	411,000	3,601,329

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

Open encumbrances are reported as restricted fund balance at June 30, 2012.

### **D. Assets, Liabilities, and Fund Equity**

#### **Deposits and Investments**

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

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

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

#### **Cash and Cash Equivalents**

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

#### **Restricted Assets**

Unexpended bond and installment purchase proceeds are considered restricted assets because their use is completely restricted to the purpose for which the bonds and installment purchase proceeds were originally issued. Total unspent bond and installment purchase proceeds are \$35,931,837 at June 30, 2012. This restricted cash is shown in the General Fund, County Capital Fund, School Capital Fund, and the Solid Waste Fund. The remaining restricted assets in the General Fund represent Property Tax Revaluation Fund money of \$162,188, which is restricted per North Carolina General Statute 153A-150.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

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

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

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

### **Allowances for Doubtful Accounts**

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

### **Concentrations of Credit Risk**

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

### **Inventories and Prepaid Items**

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

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 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

### Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Assets.

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### **Compensated Absences**

Permanent employees of the County can earn vacation leave at the rate of 12 days per year for the first two years up to a maximum of 24 days per year after 20 years. Vacation leave may be accumulated with a maximum until January 31 of each year. On that date, any accumulated vacation leave in excess of 240 hours is converted to sick leave. The maximum amount of vacation leave that can be carried forward to February 1 is 240 hours. At termination, employees are paid for any accumulated vacation leave. These amounts are paid from the same fund to which the employee's salary is charged. Accumulated vacation leave and salary related payments at June 30, 2012 amounted to \$5,097,695 for governmental activities and \$363,108 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, 2012 amounted to \$12,557,017 in total, \$11,720,856 of which relates to the governmental funds and \$836,161 which relates to the enterprise funds. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

### **Net Assets/Fund Balances**

#### **Net Assets**

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

As with many counties in the State of North Carolina, the County's deficit in unrestricted net assets is due primarily to the portion of the County's outstanding general obligation and installment debt totaling approximately \$149.2 million incurred for the Orange County and the Chapel Hill-Carrboro City Boards of Education (the "school system"). Under North Carolina law, the County is responsible for providing school system capital funding and has done so using a mixture of County funds and general obligation debt. The deficit results because the debt is recorded on the County's financial statements as the issuing government, while the related assets are owned, operated, and recorded in the school system's financial statements.

#### **Fund Balances**

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

The governmental fund types classify fund balances as follows:

### **Non-Spendable Fund Balance**

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

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

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

### **Restricted Fund Balance**

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

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

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

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

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

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Restricted fund balance at June 30, 2012 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>County Capital Improvements</u>	<u>School Capital Improvements</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
Restricted, all other:					
Education	\$ -	\$ -	\$ 25,359,245	\$ -	\$ 25,359,245
Governing and management	921,525	6,651,067	-	-	7,572,592
Public safety	-	-	-	979,080	979,080
Community and environment	-	-	-	1,164,894	1,164,894
Total	<u>\$ 921,525</u>	<u>\$ 6,651,067</u>	<u>\$ 25,359,245</u>	<u>\$ 2,143,974</u>	<u>\$ 35,075,811</u>

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

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

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

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

Committed fund balance at June 30, 2012 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>School Capital Improvements</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Committed:</b>				
Human services	\$ -	\$ -	\$ 723,920	\$ 723,920
Education	-	470,196	113,294	583,490
Governing and management	-	-	32,466	32,466
General services	145,919	-	-	145,919
<b>Total</b>	<b>\$ 145,919</b>	<b>\$ 470,196</b>	<b>\$ 869,680</b>	<b>\$ 1,485,795</b>

**Assigned Fund Balance**

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

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

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

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

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

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

Assigned fund balance at June 30, 2012 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Nonmajor Governmental Funds</u>
<b>Assigned:</b>		
Subsequent years expenditures	\$ 3,212,872	\$ -
Community and environment	-	709,421
General services	-	9,150
Education	-	2,185,090
Total	<u>\$ 3,212,872</u>	<u>\$ 2,903,661</u>

**Unassigned Fund Balance**

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

Orange County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, State funds, local non-County funds, and County funds. 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	\$ 47,859,506
Less:	
Prepays	16,946
Inventories	17,788
Stabilization for State statute	<u>8,399,062</u>
Total available fund balance	<u>\$ 39,425,710</u>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 \$786,847.

### **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)	\$ 47,713,587
<b>Property Revaluation Fund:</b>	
Revenues:	
Investment earnings	90
Expenditures:	
Community and environment	(92,695)
Transfers in - General Fund	185,000
Fund balance:	
Beginning of year - July 1	<u>53,524</u>
End of year - June 30 (Exhibit D)	<u>\$ 47,859,506</u>

### **Use of Estimates**

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

## **2. Detail Notes On All Funds**

### **Assets**

#### **Deposits**

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

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

At June 30, 2012, the County's deposits had a carrying amount of \$28,644,696 and a bank balance of \$29,300,268. Of the bank balance, \$900,434 was covered by federal depository insurance, and \$28,399,834 was covered by collateral held under the Pooling Method. Cash on hand was \$4,825.

### Investments

At June 30, 2012, 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	\$ 55,484,702	N/A	N/A	N/A
Commercial Paper:				
Abbey National LLC	2,995,950	2,995,950	N/A	N/A
Barclays US Funding	1,997,639	1,997,639	N/A	N/A
Dealers Cap Access Tr Inc	1,249,728	1,249,728	N/A	N/A
Dealers Cap Access Tr Inc	3,746,208	3,746,208	N/A	N/A
Deutsche Bank	1,998,060	1,998,060	N/A	N/A
Deutsche Bank	1,993,200	1,993,200	N/A	N/A
FCAR Owner Trust II	1,993,968	1,993,968	N/A	N/A
FCAR Owner Trust II	1,997,278	1,997,278	N/A	N/A
FCAR Owner Trust II	1,994,914	1,994,914	N/A	N/A
FCAR Owner Trust II	1,998,276	1,998,276	N/A	N/A
Total investments	<u>\$ 77,449,924</u>	<u>\$ 21,965,222</u>		

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

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

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

*Credit Risk.* State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on specifically managing credit risk. Investments in the North Carolina Capital Management Trust's Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2012. Investments in the Abbey National LLC, Barclays US Funding, Dealers Cap Access Tr Inc, Deutche Bank, and FCAR Owner Trust II all carried credit ratings of P-1 and A-1 by Moody's and Standard & Poor's, respectively.

*Concentration of Credit Risk.* The County places no limit on the amount that the County may invest in any one issuer. More than 40 percent of the County's investments are in commercial paper. Investments in Commercial paper are allocated as follows: Abbey National LLC 14%, Barclays US Funding 9%, Dealers CP Acces Tr Inc 23%, Deutche Bank 18%, and FCAR Owner Trust II 36%.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### Property Tax Use-Value Assessment on Certain Lands

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

<u>Year Ended June 30</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 386,639,339	\$ 91,826,843	\$ 478,466,182
2008	386,639,339	57,029,303	443,668,642
2009	527,668,995	30,340,967	558,009,962
2010	736,317,187	6,313,688	742,630,875
2011	747,361,945	6,408,393	753,770,338
Total	<u>\$ 2,784,626,805</u>	<u>\$ 191,919,194</u>	<u>\$ 2,976,545,999</u>

### Receivables

The amounts presented in the Balance Sheet and the Statement of Net Assets for the year ended June 30, 2012 is net of the following allowance for doubtful accounts:

General Fund:	
Taxes receivable	\$ 1,084,392
Enterprise funds	<u>19,113</u>
Total	<u>\$ 1,103,505</u>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 3. Capital Assets

#### Governmental Capital Assets

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

	<b>Balance July 1, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance June 30, 2012</b>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 13,008,016	\$ -	\$ -	\$ -	\$ 13,008,016
Easement	4,949,636	-	-	-	4,949,636
Water Resources, Lake Orange	481,624	-	-	-	481,624
Construction in progress	11,486,350	3,578,412	-	-	15,064,762
Non-depreciable capital assets	29,925,626	3,578,412	-	-	33,504,038
<b>Deprciable Capital Assets:</b>					
Buildings	90,830,683	-	-	-	90,830,683
Leasehold improvements	3,411,653	-	-	-	3,411,653
Automotive equipment	7,578,491	1,122,172	804,184	-	7,896,479
Other equipment	5,968,591	540,481	76,232	-	6,432,840
Depreciable capital assets	107,789,418	1,662,653	880,416	-	108,571,655
<b>Less Accumulated Depreciation:</b>					
Buildings	22,474,368	2,728,698	-	-	25,203,066
Leasehold improvements	255,874	170,583	-	-	426,457
Automotive equipment	5,990,757	799,384	754,184	-	6,035,957
Other equipment	4,102,940	670,493	72,348	-	4,701,085
Total	32,823,939	\$ 4,369,158	\$ 826,532	\$ -	36,366,565
Depreciable capital assets, net	74,965,479				72,205,090
Governmental activity capital assets, net	\$ 104,891,105				\$ 105,709,128

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

<b>Governmental Activities:</b>	
General and management	\$ 3,016,954
General services	156,511
Community and environment	56,188
Human services	205,053
Public safety	<u>934,452</u>
Total	<u>\$ 4,369,158</u>

### Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2012 are as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Business-Type Activities:</b>					
<b>Solid Waste:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 1,442,890	\$ -	\$ -	\$ -	\$ 1,442,890
Construction in progress	<u>174,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,934</u>
Non-depreciable capital assets	<u>1,617,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,617,824</u>
<b>Depreciable Capital Assets:</b>					
Land improvements	3,956,457	-	-	-	3,956,457
Buildings	3,681,732	-	-	-	3,681,732
Equipment	<u>8,576,857</u>	<u>571,244</u>	<u>496,185</u>	<u>-</u>	<u>8,651,916</u>
Depreciable capital assets	<u>16,215,046</u>	<u>571,244</u>	<u>496,185</u>	<u>-</u>	<u>16,290,105</u>
<b>Less Accumulated Depreciation:</b>					
Land improvements	3,289,620	18,011	-	-	3,307,631
Buildings	594,870	123,588	-	-	718,458
Equipment	<u>7,524,472</u>	<u>644,679</u>	<u>496,185</u>	<u>-</u>	<u>7,672,966</u>
Total accumulated depreciation	<u>11,408,962</u>	<u>\$ 786,278</u>	<u>\$ 496,185</u>	<u>\$ -</u>	<u>11,699,055</u>
Depreciable capital assets, net	<u>4,806,084</u>				<u>4,591,050</u>
Solid waste capital assets, net	<u>6,423,908</u>				<u>6,208,874</u>

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>SportsPlex:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 407,602	\$ -	\$ -	\$ -	\$ 407,602
Construction in progress	-	184,190	-	-	184,190
Non-depreciable capital assets	<u>407,602</u>	<u>184,190</u>	<u>-</u>	<u>-</u>	<u>591,792</u>
<b>Depreciable Capital Assets:</b>					
Buildings	7,203,003	-	-	-	7,203,003
Equipment	125,391	-	-	-	125,391
Depreciable capital assets	<u>7,328,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,328,394</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	1,182,005	246,593	-	-	1,428,598
Equipment	99,261	12,417	-	-	111,678
Total accumulated depreciation	<u>1,281,266</u>	<u>\$ 259,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,540,276</u>
Depreciable capital assets, net	<u>6,047,128</u>				<u>5,788,118</u>
Total Sportsplex	<u>6,454,730</u>				<u>6,379,910</u>
<b>Efland Sewer:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and right-of-way	57,117	\$ -	\$ -	\$ -	57,117
Non-depreciable capital assets	<u>57,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,117</u>
<b>Depreciable Capital Assets:</b>					
Sewer lines	3,707,847	-	-	-	3,707,847
<b>Less Accumulated Depreciation:</b>					
Sewer lines	1,079,461	\$ 87,134	\$ -	\$ -	1,166,595
Depreciable capital assets, net	<u>2,628,386</u>				<u>2,541,252</u>
Water/Sewer capital assets, net	<u>2,685,503</u>				<u>2,598,369</u>
Business-type activities capital assets, net	<u>\$ 15,564,141</u>				<u>\$ 15,187,153</u>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 4. Construction Commitments

The government has active construction projects as of June 30, 2012. At June 30, 2012, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
County Jail	\$ 111,778	\$ 1,263,222
County Campus	25,838,795	1,060,205
Twin Creeks Park	844,937	1,134,520
Efland Buckhorn Sewer Extension	2,145,952	4,500,688
Link Government Center	1,244,315	483,347
Southern Branch Library	56,576	593,424
Total	<u>\$ 30,242,353</u>	<u>\$ 9,035,406</u>

### 5. Pension Plan Obligations

#### Local Governmental Employees' Retirement System

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

**Funding Policy.** Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.89% and 4.78%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$2,773,835, \$2,505,559, and \$1,943,795, 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, 2012

### 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, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	13
Active plan members	<u>87</u>
Total	<u><u>100</u></u>

A separate report was not issued for the plan.

### Summary of Significant Accounting Policies

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

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

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

**Actuarial Assumptions.** The amortization method for the Separation Allowance is a level percent of pay closed. The remaining amortization period is 20 years. The annual required contribution for the current year was determined as part of the December 31, 2010 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, 2012**

**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	\$ 200,376
Interest on net pension obligation	24,582
Adjustment to annual required contribution	<u>(29,329)</u>
Annual pension cost	195,629
Employer contributions made	<u>153,869</u>
Increase (decrease) in net pension obligation	41,760
Net pension obligation:	
Beginning of year - July 1	<u>491,635</u>
End of year - June 30	<u><u>\$ 533,395</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>
2010	\$ 168,408	109.60%	\$ 448,609
2011	203,221	78.83%	491,635
2012	195,629	78.65%	533,395

**Funded Status and Funding Progress.** As of December 31, 2011, 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 \$2,004,133. The covered payroll (annual payroll of active employees covered by the plan) was \$4,164,888, and the ratio of the UAAL to the covered payroll was 48.12%.

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, 2012

### **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, 2012 were \$241,985, which consisted of \$200,489 from the County and \$41,496 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, 2012, the County’s required and actual contributions were \$18,613.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 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, 2011, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	275
Active plan members:	
General employees	785
Law enforcement officers	<u>87</u>
Total	<u>1,147</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 14.45% of annual covered payroll. For the current year, the County contributed \$1,727,365, or 4.48% 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, 2012

**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:

	<b>Amount</b>
Annual required contribution	\$ 5,374,429
Interest on net OPEB obligation	785,434
Adjustments to annual required contribution	(750,333)
Annual OPEB cost (expense)	5,409,530
Contributions made	(1,727,365)
Increase (decrease) in net OPEB obligation	3,682,165
Net OPEB obligation:	
Beginning of year - July 1	19,635,851
End of year - June 30	\$ 23,318,016

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

<b>Year Ended June 30</b>	<b>Annual OPEB OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2009	\$ 5,153,400	19.50%	\$ 12,132,908
2010	5,367,785	20.98%	16,374,755
2011	5,165,274	36.86%	19,635,851
2012	5,409,530	31.93%	23,318,016

**Funding Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability ("UAAL") was \$63,716,142. The covered payroll (annual payroll of active employees covered by the plan) was \$38,572,921, and the ratio of the UAAL to the covered payroll was 165.2 percent.

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2011 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 9.50 to 5.00 percent annually, and a post-Medicare trend rate of 7.00 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

As of June 30, 2012, management has decided that OPEB will continue to be funded on a pay-as-you-go basis. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the County Commissioners.

#### **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the twenty-four months prior to the employee's death, but the benefit must be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012, the County made contributions to the State for death benefits of \$32,912. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.08% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

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

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

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

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

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

## **ORANGE COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012

### 6. Long-Term Obligations

The following is a summary of transactions affecting the County's long-term obligations for the year ended June 30, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 103,490,000	\$ 24,440,000	\$ 32,410,000	\$ 95,520,000	\$ 8,930,000
Obligations under capital leases	3,200,000	-	713,824	2,486,176	739,943
Installment notes payable	109,732,855	94,285,000	89,624,320	114,393,535	6,616,566
Less deferred amounts on refunding of bonds	(4,524,981)	-	-	(4,524,981)	-
Bond premium refunding	6,015,467	14,195,360	-	20,210,827	-
Accumulated amortization of refunding items	(570,152)	(903,484)	439,602	(1,034,034)	-
Accrued compensated absences	3,378,378	4,428,235	2,708,918	5,097,695	3,058,617
Separation allowance	491,635	195,629	153,869	533,395	-
OPEB liability	18,438,064	5,079,549	1,621,996	21,895,617	-
Total governmental activities	<u>\$ 239,651,266</u>	<u>\$ 141,720,289</u>	<u>\$ 127,672,529</u>	<u>\$ 254,578,230</u>	<u>\$ 19,345,126</u>
<b>Business-Type Activities:</b>					
Obligations under capital leases	\$ 1,024,791	\$ -	\$ 417,936	\$ 606,855	\$ 281,528
Installment notes payable	7,661,447	3,000,000	486,129	10,175,318	813,793
Post-closing liability	11,966,601	1,774,503	-	13,741,104	-
Accrued compensated absences	249,623	316,821	203,336	363,108	217,865
OPEB liability	1,197,787	329,981	105,369	1,422,399	-
Total business-type activities	<u>\$ 22,100,249</u>	<u>\$ 5,421,305</u>	<u>\$ 1,212,770</u>	<u>\$ 26,308,784</u>	<u>\$ 1,313,186</u>

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

General long-term debt payable at June 30, 2012 is comprised of the following:

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

\$19,175,000 2003 Public Improvement Bonds, due in annual installments of \$650,000 to \$2,200,000 through March 1, 2022; interest at 4.00% to 4.12%	\$ 650,000
\$4,200,000 2004A Public Improvement Bonds, due in annual installments of \$150,000 through February 1, 2023; interest at 3.25% to 4.625%	450,000
\$20,940,000 2004B Public Improvement Bonds, due in annual installments of \$750,000 through February 1, 2023; interest at 3.25% to 5.2590%	2,250,000
\$29,185,000 2005A Public Improvement Bond, due in annual installments of \$1,000,000 through April 1, 2024; interest at 3.0% to 5.0%	15,785,000
\$20,595,000 2001 Refunding serial bonds, due in annual installments of \$755,000 to \$1,435,000 through February 1, 2014; interest at 4.0% to 5.25%	4,380,000
\$22,815,000 2003 Refunding serial bonds, due in annual installments of \$880,000 to \$2,850,000 through June 1, 2013; interest at 3.0% to 5.0%	940,000
\$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%	25,285,000
\$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%	21,340,000
\$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%	<u>24,440,000</u>
Total	<u>\$ 95,520,000</u>

Of the amount serviced by the County's General Fund shown above, \$69,226,606 is considered to be school bond debt.

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

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Capital Leases Serviced by Governmental Funds:**

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

\$ 900,000

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

1,586,176

Total

\$ 2,486,176

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

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

\$ 130,200

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

476,655

Total

\$ 606,855

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**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	\$ 4,611,063
Installment note payable, due in quarterly payments of \$42,125; interest at 5% through April 27, 2016	674,000
Installment note payable, due in annual payments of \$600,000; interest at 4.39% through December 21, 2021	6,000,000
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	35,343,620
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	54,949,800
\$4,136,434 of Qualified School Construction Bonds, due in annual installments of \$275,762 at 0% interest through March 15, 2025	3,584,909
\$9,899,439 of Qualified School Construction Bonds, due in annual installments of \$659,295 at 5.49 % interest through January 27,2026	<u>9,230,143</u>
Total	<u>\$ 114,393,535</u>

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Serviced by the County's Enterprise Funds:**

**Solid Waste Fund:**

Installment note payable, due in annual payments of \$110,000; interest at 4.14% through June 26, 2027	\$ 1,760,000
Installment note payable, due in annual payments of \$110,000; interest at 4.14% through June 26, 2027	<u>3,000,000</u>
Total Solid Waste Fund	<u>\$ 4,760,000</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	\$ 4,213,938
Installment note payable, due in annual payments of \$75,086; interest at 4.14% through June 26, 2027	<u>1,201,380</u>
Total SportsPlex Fund	<u>\$ 5,415,318</u>
Total Enterprise Funds	<u>\$ 10,175,318</u>
Total - all debt	<u><u>\$ 223,181,884</u></u>

Of the amount serviced by governmental funds shown above, \$79,941,432 is considered to be school installment debt.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

The annual requirements as of June 30, 2012 to amortize outstanding debt and funds available for draw under general obligation bonds, installment purchase contracts, capital leases, exclusive of accrued compensated absences, and the Separation Allowance are as follows:

Year Ending June 30	General Obligation Bonds		Installment Purchase Options		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
<b>Governmental Activities:</b>								
2013	\$ 8,930,000	\$ 3,732,976	\$ 6,616,566	\$ 4,689,540	\$ 739,943	\$ 70,834	\$ 16,286,509	\$ 8,493,350
2014	9,045,000	3,375,544	7,526,891	4,581,908	750,418	60,617	17,322,309	8,018,069
2015	8,885,000	3,006,181	7,466,770	4,340,792	761,143	48,039	17,112,913	7,395,012
2016	8,815,000	2,653,406	7,453,784	4,093,233	234,672	2,079	16,503,456	6,748,718
2017	8,775,000	2,281,956	7,267,306	3,812,501	-	-	16,042,306	6,094,457
2018-2022	43,015,000	6,241,832	40,428,963	15,512,038	-	-	83,443,963	21,753,870
2023-2027	8,055,000	427,613	31,454,325	3,648,594	-	-	39,509,325	4,076,207
2028	-	-	6,178,930	913,653	-	-	6,178,930	913,653
Total	\$ 95,520,000	\$ 21,719,508	\$ 114,393,535	\$ 41,592,259	\$ 2,486,176	\$ 181,569	\$ 212,399,711	\$ 63,493,336
<b>Business-Type Activities:</b>								
2013	\$ -	\$ -	\$ 813,793	\$ 414,717	\$ 281,528	\$ 20,950	\$ 1,095,321	\$ 435,667
2014	-	-	875,468	400,457	281,528	12,544	1,156,996	413,001
2015	-	-	873,588	379,510	43,799	5,134	917,387	384,644
2016	-	-	854,774	356,050	-	-	854,774	356,050
2017	-	-	852,752	332,471	-	-	852,752	332,471
2018-2022	-	-	1,971,327	1,204,693	-	-	1,971,327	1,204,693
2023-2027	-	-	3,474,549	413,694	-	-	3,474,549	413,694
2028	-	-	459,067	44,022	-	-	459,067	44,022
Total	\$ -	\$ -	\$ 10,175,318	\$ 3,545,614	\$ 606,855	\$ 38,628	\$ 10,782,173	\$ 3,584,242

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, 2012, such statutory limit for the County was approximately \$1.3 billion, providing a legal debt margin of approximately \$1 billion.

Bonds authorized, but unissued, at June 30, 2012 were \$23,900,000.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### **Advanced Refundings**

On November 15, 2011, the County issued \$24,440,000 in 2011 Refunding General Obligation Bonds. The proceeds were used to advance refund \$23,540,000 of outstanding Public Improvement, Series 2004 A and B and Public Improvement, Series 2005A General Obligation Bonds. The net proceeds of \$23,540,000 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Public Improvement General Obligation Bonds are considered defeased and the respective liability for those bonds has been removed from the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$900,000. The County advance refunded the General Obligation bonds to reduce its total debt service payments over 12 years by \$1,652,510 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,436,657.

On September 29, 2011, the County issued \$38,305,000 in 2011 Limited Obligation Bonds. The proceeds were used to advance refund \$42,565,192 of outstanding installment notes payable. The net proceeds of \$42,565,192 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the installment notes payable. As a result, the installment notes payable are considered defeased and the respective liability have been removed from the Statement of Net Assets. The County advance refunded the debt to reduce its total debt service payments over 16 years by \$2,007,589 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,106,909.

On April 12, 2012, the County issued \$58,980,000 in 2012 Limited Obligation Bonds. \$25,031,500 of the Limited Obligation Bonds is new debt issuance. \$33,948,500 of the proceeds were used to advance refund \$37,924,897 of outstanding installment notes payable and Certificates of Participation. The net proceeds of \$37,924,897 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the installment notes payable and Certificates of Participation. As a result, the installment notes payable and Certificates of Participation are considered defeased and the respective liability have been removed from the Statement of Net Assets. The County advance refunded the debt to reduce its total debt service payments over 4 years by \$1,639,377 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,455,273.

**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, 2012, there is no balance outstanding.

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**7. Deferred/Unearned Revenues**

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

	<b>Deferred Revenues</b>	<b>Unearned Revenues</b>
<b>Ad Valorem Taxes:</b>		
Prepaid taxes not yet earned (General Fund)	\$ 339,084	\$ 339,084
Taxes receivable, net (General Fund)	2,820,166	-
Other receivables (General Fund)	39,060	39,060
Other receivables (Other Governmental Funds)	1,160,738	1,476
Other receivables (SportsPlex Fund)	-	180,806
Total	\$ 4,359,048	\$ 560,426

**8. Capital Assets, Net of Related Debt**

Capital assets, net of related debt, at June 30, 2012 are computed as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets, net of accumulated depreciation	\$ 105,709,128	\$ 15,187,153
Less capital debt:		
Gross debt	227,051,523	10,782,173
Less:		
School debt related to assets to which the County does not hold title	(149,168,038)	-
Unexpended debt proceeds, county debt	(7,572,592)	-
Net capital debt	70,310,893	10,782,173
Capital assets, net of related debt	\$ 35,398,235	\$ 4,404,980

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**9. Interfund Balances and Activity**

The following is a schedule of interfund receivable and payable balances as of June 30, 2012:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
County Capital Improvements Fund	Efland Sewer Fund	\$ 66,983
General Fund	Community Development	199,505
General Fund	Article 46 Sales Tax	19,987
General Fund	Piedmont Food and Agricultural Processing Center	10,604
General Fund	Efland Sewer Fund	136,000
Total		<u>\$ 433,079</u>

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

**Transfers.** The following is a summary of transfers for the year ended June 30, 2012:

<u>Transfers to:</u>	<u>General Fund</u>	<u>Impact Fee Fund</u>	<u>Projects Funds County Capital Reserve Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 1,040,000	\$ -	\$ 1,040,000
Special Revenue Funds:				
Grant Supported Projects	71,214	-	-	71,214
Community Development	228,437	-	-	228,437
Section 8 Housing	86,997	-	-	86,997
Capital Project Funds:				
County Capital Improvements Fund	448,349	-	334,894	783,243
School Capital Improvements Fund	5,453,620	-	-	5,453,620
Enterprise Funds:				
Solid Waste	1,617,852	-	-	1,617,852
SportsPlex	649,279	-	-	649,279
Efland Sewer	88,500	-	-	88,500
Internal Service Fund:				
Dental Insurance Fund	10,000	-	-	10,000
Total	<u>\$ 8,654,248</u>	<u>\$ 1,040,000</u>	<u>\$ 334,894</u>	<u>\$ 10,029,142</u>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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

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

	<u>Federal</u>	<u>State</u>
Medical Assistance Program-Title XIX-Medicaid	\$ 64,886,006	\$ 36,888,397
Special Supplemental Nutrition Program for Women, Infants, and Children	<u>1,054,903</u>	<u>-</u>
Total	<u>\$ 65,940,909</u>	<u>\$ 36,888,397</u>

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

Federal and State laws and regulations have required the County to place a final cover on its landfill facility when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County continues required monitoring during the post-closure care period for up to thirty years. Post-closure costs consist of water quality monitoring, maintenance of the landfill surface, vegetation, mowing, inspections, and recordkeeping. Costs during the monitoring period are estimated to be \$97,000 per year. The \$13,741,104 reported as landfill closure and post-closure care liability at June 30, 2012 represents a cumulative amount reported to-date based on the use of 90 percent of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$1 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2012. The County expects to close the landfill in the year 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

In complying with these regulations during fiscal year 2012, the County has submitted certified statements of Bond Indicators and Ratio Indicators of Financial Strength to the State of North Carolina Department of Environment, Health, and Natural Resources.

**Leases.** The County leases ambulances, car, and landfill equipment under lease agreements that are classified as capital leases. Accordingly, the original present value (\$7,079,224) of obligations under these lease agreements, along with the present value of the remaining lease payments, are included within the Statement of Activities for governmental activities. The General Fund and the Solid Waste Fund make all capital lease payments.

At June 30, 2012, future minimum rental payments due under the capital leases are as follows:

Total minimum lease payments	\$ 3,313,229
Less amount representing interest	<u>(220,198)</u>
Present value of minimum lease payments	<u>\$ 3,093,031</u>

The total rental paid for all operating leases was \$336,005 for the year ended June 30, 2012. All operating leases are for terms of one year or less and consist principally of office space rentals for various County functions.

**Federal and State Programs.** The County participates in a number of federal and State of North Carolina financial assistance programs. For the fiscal year ended June 30, 2012, these programs were subjected to audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the provisions of OMB Circular A-133, and the State Single Audit Implementation Act. The amount, if any, of expenditures which may be disallowed by the granting agencies resulting from this and other audits cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

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

### 12. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health insurance for

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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' dental benefits administered by a third-party administrator. Premiums are paid into the Dental Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. During fiscal year 2012, a total of \$466,862 was incurred for benefits and administrative costs.

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

	<b>Year Ended June 30</b>	
	<b>2012</b>	<b>2011</b>
Unpaid claims:		
Beginning of year - July 1	\$ 10,923	\$ 22,597
Incurred claims	466,862	426,906
Claim payments	(451,014)	(438,580)
End of year - June 30	\$ 26,771	\$ 10,923

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.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

### 13. Jointly Governed Organization

**Orange Water and Sewer Authority.** The Orange Water and Sewer Authority is a public authority created under North Carolina law, which was established for the purpose of providing water and sewer service in a defined area within the County. The Authority has a nine-member governing body with two members appointed by the Orange County Board of Commissioners, two members appointed by the Board of Aldermen of the Town of Carrboro, and five members appointed by the Mayor and Town Council of the Town of Chapel Hill. The County is not responsible for any debt of the Authority or any of its deficits. The County is not entitled to surpluses of the Authority, has no responsibility for the designation of its management, does not have any significant influence over its operations, and the Authority is not accountable to the County for fiscal matters.

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

### 14. Joint Ventures

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

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

The County makes an annual appropriation to the Authority, but the majority of the funding comes from other sources. During the fiscal year ended June 30, 2012, 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, 2012. 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.

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**Required Supplemental Financial Data**

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## ORANGE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012

## 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)
12/31/2011	\$ -	\$ 2,004,133	\$ 2,004,133	0.00%	\$ 4,164,888	48.12%
12/31/2010	-	1,931,999	1,931,999	0.00%	4,104,157	47.07%
12/31/2009	-	1,994,877	1,994,877	0.00%	4,021,936	49.60%
12/31/2008	-	1,586,125	1,586,125	0.00%	4,042,490	39.24%
12/31/2007	-	1,503,242	1,503,242	0.00%	3,831,182	39.24%
12/31/2006	-	1,427,990	1,427,990	0.00%	3,721,937	38.37%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2012	\$ 200,376	76.79%
2011	204,808	78.22%
2010	163,990	112.55%
2009	149,948	122.73%
2008	148,678	117.64%
2007	148,779	106.44%

## Notes to the Required Schedules:

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

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 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, 2012

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	\$ -	\$ 84,540,825	\$ 84,540,825	0.00%	\$ 32,914,392	256.9%
12/31/2007	-	54,382,277	54,382,277	0.00%	37,345,503	145.6%
12/31/2009	-	58,020,674	58,020,674	0.00%	37,996,740	152.7%
12/31/2010	-	62,803,094	62,803,094	0.00%	38,421,649	163.5%
12/31/2011	-	63,716,142	63,716,142	0.00%	38,572,921	165.2%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2012	\$ 5,374,429	32.14%
2011	5,075,371	37.52%
2010	5,301,171	21.24%
2009	5,109,562	19.67%
2008	8,829,704	9.57%

## Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.00% * Includes inflation at 3.00%
Medical cost trend rate	
Pre-Medicare trend rate	9.50%-5.00%
Post-Medicare trend rate	7.00%-5.00%
Year of Ultimate trend rate	2018

**General Fund**

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## ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Property Revaluation Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
<b>Revenues:</b>				
Property taxes	\$ 136,485,507	\$ -	\$ -	\$ 136,485,507
Sales tax	17,562,303	-	-	17,562,303
Intergovernmental revenues	19,794,026	-	-	19,794,026
Charges for services	9,406,210	-	-	9,406,210
Investment earnings	51,201	90	-	51,291
Licenses and permits	329,265	-	-	329,265
Miscellaneous	824,545	-	-	824,545
Total revenues	<u>184,453,057</u>	<u>90</u>	<u>-</u>	<u>184,453,147</u>
<b>Expenditures:</b>				
Governing and management	11,946,149	-	-	11,946,149
General services	5,602,554	-	-	5,602,554
Community and environment	5,520,835	92,695	-	5,613,530
Human services	32,276,333	-	-	32,276,333
Education	63,939,903	-	-	63,939,903
Public safety	18,875,222	-	-	18,875,222
Culture and recreation	2,078,964	-	-	2,078,964
Debt service:				
Principal	18,718,055	-	-	18,718,055
Interest and fees	7,745,070	-	-	7,745,070
Total expenditures	<u>166,703,085</u>	<u>92,695</u>	<u>-</u>	<u>166,795,780</u>
Revenues over (under) expenditures	<u>17,749,972</u>	<u>(92,605)</u>	<u>-</u>	<u>17,657,367</u>
<b>Other Financing Sources (Uses):</b>				
Capital lease issuance	531,500	-	-	531,500
Transfers in	1,040,000	185,000	(185,000)	1,040,000
Transfers out	(8,839,248)	-	185,000	(8,654,248)
Total other financing sources (uses)	<u>(7,267,748)</u>	<u>185,000</u>	<u>-</u>	<u>(7,082,748)</u>
Net change in fund balance	10,482,224	92,395	-	10,574,619
<b>Fund Balance:</b>				
Beginning of year - July 1	<u>37,231,363</u>	<u>53,524</u>	<u>-</u>	<u>37,284,887</u>
End of year - June 30	<u>\$ 47,713,587</u>	<u>\$ 145,919</u>	<u>\$ -</u>	<u>\$ 47,859,506</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, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Property tax	\$ 132,629,175	\$ 135,873,089	\$ 3,243,914	\$ 134,058,937
Tax penalties and interest	410,000	552,037	142,037	533,864
Gross receipts tax	42,000	60,381	18,381	55,526
Total	133,081,175	136,485,507	3,404,332	134,648,327
<b>Sales Tax:</b>				
Local option sales tax	15,283,790	17,562,303	2,278,513	15,115,418
Total	15,283,790	17,562,303	2,278,513	15,115,418
<b>Intergovernmental Revenues:</b>				
Refunds, gasoline tax	-	-	-	1,562
Animal tax	203,605	237,053	33,448	209,422
Beer and wine tax	215,000	225,882	10,882	217,536
Federal and State grants	19,742,276	18,345,267	(1,397,009)	18,873,982
Local grants	435,520	453,117	17,597	439,173
ABC Board law enforcement distribution	120,000	86,264	(33,736)	111,096
ABC Board profit distribution	440,000	446,443	6,443	443,709
Total	21,156,401	19,794,026	(1,362,375)	20,296,480
<b>Charges for Services:</b>				
Register of Deeds	1,342,062	1,241,213	(100,849)	1,361,437
Collection fees	221,482	308,056	86,574	296,948
Inspection fees	515,450	479,918	(35,532)	473,269
Health service fees	1,460,909	1,229,328	(231,581)	1,059,136
Recreation fees	231,491	279,360	47,869	234,497
Planning fees	182,000	113,850	(68,150)	108,666
Aging fees	131,875	127,320	(4,555)	132,078
EMS fees	2,040,000	2,314,772	274,772	2,567,951
Sheriff and court charges	2,445,711	2,453,612	7,901	2,390,367
Other charges	909,623	858,781	(50,842)	964,439
Total	9,480,603	9,406,210	(74,393)	9,588,788
<b>Investment Earnings</b>	140,000	51,201	(88,799)	69,164
<b>Licenses and Permits:</b>				
Privilege licenses	13,000	11,435	(1,565)	12,140
Franchise fees	300,000	317,830	17,830	390,874
Total	313,000	329,265	16,265	403,014

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Final Budget	Actual	Variance Over/Under	Actual
<b>Miscellaneous Revenues:</b>				
Donations	263,400	258,807	(4,593)	247,647
Rent	336,001	336,005	4	328,983
Other	165,327	229,733	64,406	191,519
Total	764,728	824,545	59,817	768,149
Total revenues	180,219,697	184,453,057	4,233,360	180,889,340
<b>Expenditures:</b>				
<b>Governing and Management:</b>				
County commissioners	598,091	556,392	41,699	511,073
County manager	717,265	706,544	10,721	712,820
Animal services	1,661,122	1,554,838	106,284	1,522,940
Human resources	698,576	634,342	64,234	672,869
Financial services	1,056,609	956,515	100,094	901,036
County Attorney	465,216	442,082	23,134	438,142
Asset management and purchasing	6,602,434	5,280,625	1,321,809	5,253,505
Non-departmental	2,130,336	1,814,811	315,525	1,534,647
Total	13,929,649	11,946,149	1,983,500	11,547,032
<b>General Services:</b>				
Information systems	2,245,286	2,068,539	176,747	1,722,470
Register of Deeds	876,649	835,477	41,172	831,423
Tax administration	2,331,195	2,016,180	315,015	2,164,403
Elections	699,099	579,953	119,146	446,756
Sanitation	-	-	-	17,665
Non-departmental	102,549	102,405	144	102,327
Total	6,254,778	5,602,554	652,224	5,285,044
<b>Community and Environment:</b>				
Planning	2,477,395	2,162,186	315,209	2,396,164
DEAPR	2,920,633	2,775,044	145,589	2,878,612
Economic development	414,600	359,292	55,308	379,894
Non-departmental	283,304	224,313	58,991	179,889
Total	6,095,932	5,520,835	575,097	5,834,559

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Final Budget	Actual	Variance Over/Under	Actual
<b>Human Services:</b>				
Social services	20,950,215	18,668,169	2,282,046	18,456,611
Health	8,605,112	8,168,390	436,722	8,246,982
Cooperative extension	392,184	338,326	53,858	330,625
Aging	2,462,863	2,268,145	194,718	2,541,254
Human rights and relations	285,227	278,291	6,936	277,285
Child support enforcement	1,010,771	972,747	38,024	928,438
Mental health	-	-	-	1,398
Non-departmental	1,594,532	1,582,265	12,267	1,676,157
Total	35,300,904	32,276,333	3,024,571	32,458,750
<b>Education:</b>				
Current expense	59,912,903	59,912,903	-	59,909,513
Capital outlay	3,039,000	3,039,000	-	3,015,000
Non-departmental	988,000	988,000	-	988,000
Total	63,939,903	63,939,903	-	63,912,513
<b>Public Safety:</b>				
Sheriff	11,581,102	10,893,849	687,253	10,975,035
Emergency services	8,212,073	7,501,352	710,721	7,197,276
Courts	89,936	64,017	25,919	148,189
Non-departmental	439,849	416,004	23,845	338,490
Total	20,322,960	18,875,222	1,447,738	18,658,990
<b>Cultural and Recreational:</b>				
Library services	1,675,036	1,654,357	20,679	1,472,311
Non-departmental	470,723	424,607	46,116	338,622
Total	2,145,759	2,078,964	66,795	1,810,933
<b>Debt Service:</b>				
<b>Principal On Bonds:</b>				
School bond	7,452,850	8,233,564	780,714	7,475,585
County bond	1,417,150	1,456,825	39,675	1,554,415
<b>Private Placement:</b>				
Schools	4,790,653	4,607,605	(183,048)	5,068,595
County	5,008,282	4,420,061	(588,221)	4,617,115
Total	18,668,935	18,718,055	49,120	18,715,710

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011
	Final Budget	Actual	Variance Over/Under	Actual
<b>Interest and Fees:</b>				
School bond interest	3,737,967	2,542,142	1,195,825	3,681,763
County bond interest	1,180,335	647,389	532,946	972,551
School private placement interest	1,538,016	1,402,150	135,866	1,956,739
County private placement interest	2,230,401	3,153,389	(922,988)	3,298,886
Total	8,686,719	7,745,070	941,649	9,909,939
Total debt service	27,355,654	26,463,125	892,529	28,625,649
Total expenditures	175,345,539	166,703,085	8,642,454	168,133,470
Revenues over (under) expenditures	4,874,158	17,749,972	12,875,814	12,755,870
<b>Other Financing Sources (Uses):</b>				
Capital lease issuances	574,484	531,500	(42,984)	-
Transfers in	1,064,917	1,040,000	(24,917)	1,339,227
Transfers out	(9,864,248)	(8,839,248)	1,025,000	(8,305,776)
Appropriated fund balance	3,350,689	-	(3,350,689)	-
Total other financing sources (uses)	(4,874,158)	(7,267,748)	(2,393,590)	(6,966,549)
Net change in fund balance	\$ -	10,482,224	\$ 10,482,224	5,789,321
<b>Fund Balance:</b>				
Beginning of year - July 1		37,231,363		31,442,042
End of year - June 30		\$ 47,713,587		\$ 37,231,363

## 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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 90	\$ 90
Total revenues	<u>-</u>	<u>90</u>	<u>90</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Property revaluation:			
Personnel services	148,065	37,791	110,274
Operations	<u>78,981</u>	<u>54,904</u>	<u>24,077</u>
Total expenditures	<u>227,046</u>	<u>92,695</u>	<u>134,351</u>
Revenues over (under) expenditures	<u>(227,046)</u>	<u>(92,605)</u>	<u>134,441</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	185,000	185,000	-
Appropriated fund balance	<u>42,046</u>	<u>-</u>	<u>(42,046)</u>
Total other financing sources (uses)	<u>227,046</u>	<u>185,000</u>	<u>(42,046)</u>
Net change in fund balance	<u>\$ -</u>	<u>92,395</u>	<u>\$ 92,395</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>53,524</u>	
End of year - June 30		<u>\$ 145,919</u>	

## **Major Governmental Funds**

### **Capital Projects Fund**

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

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

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

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ORANGE COUNTY, NORTH CAROLINA

COUNTY CAPITAL IMPROVEMENTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
<b>Revenues:</b>					
Federal grants	\$ 3,735,900	\$ 3,027,152	\$ -	\$ 564,573	\$ 3,591,725
State grants	7,275,242	2,622,563	-	2,452,291	5,074,854
Investment earnings	2,624,400	2,638,696	-	693,140	3,331,836
Other	1,472,665	3,103,947	-	171,780	3,275,727
Total revenues	15,108,207	11,392,358	-	3,881,784	15,274,142
<b>Expenditures:</b>					
New Hope Creek Preserve	40,000	-	-	-	-
Jail	1,375,000	111,778	-	-	111,778
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	-	-	363,931
Senior Center- Central Orange	6,460,533	6,147,769	-	-	6,147,769
Southern Human Services Center	280,000	-	-	-	-
Animal services facility	9,168,864	9,098,921	-	26,670	9,125,591
EMS relocation and meadowlands annex	3,531,714	3,510,935	-	17,050	3,527,985
County campus, office building, and library	26,899,000	25,835,795	-	3,000	25,838,795
County other	-	271,465	-	4,219	275,684
Blackwood Farm	2,437,435	2,276,728	-	2,442	2,279,170
Cedar Grove Park	1,848,000	1,847,084	-	449	1,847,533
Twin Creeks Park	1,979,457	835,357	-	9,580	844,937
Fairview Park	1,615,023	1,577,938	-	16,042	1,593,980
Conservation easement	1,697,208	48,035	-	1,620,698	1,668,733
Homestead Aquatics	-	83,346	-	-	83,346
Lands Legacy - unallocated	1,666,909	101,290	-	10,000	111,290
Parkland and recreation facilities	103,530	175,011	-	-	175,011
Seven Mile Creek Preserve	151,000	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	416,980	412,323	-	-	412,323
Millhouse Road Park	264,802	256,932	-	1,780	258,712
Roofing projects	1,333,100	1,115,204	-	6,900	1,122,104
Affordable housing	2,638,804	1,577,095	-	106,624	1,683,719
Information technology	4,067,757	1,961,249	-	728,983	2,690,232
Register of Deeds' automation enhancement	425,450	42,297	-	374	42,671
Medicaid maximization	2,884,809	1,078,263	-	784,768	1,863,031
Loan Pool Reserve	275,000	120,000	-	80,000	200,000
Efland sewer extension	1,798,240	80,456	-	930	81,386
HVAC projects	502,223	617,222	-	-	617,222
ADA compliance	16,058	16,058	-	-	16,058

ORANGE COUNTY, NORTH CAROLINA

COUNTY CAPITAL IMPROVEMENTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
Utilities demand reduction systems	130,000	106,055	-	-	106,055
Upfit of County Space - Link Center	1,727,662	523,711	-	720,604	1,244,315
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	32,975	-	1,775	34,750
Piedmont Food and Agriculture Processing	1,343,225	1,131,003	-	246,886	1,377,889
800 MHz Radios	700,000	473,436	-	-	473,436
Dental equipment	100,000	-	-	74,190	74,190
Buckhorn EDD Phase 2	200,000	66,500	-	119,890	186,390
Payroll Software System	329,861	-	-	307,154	307,154
129 East King Street	145,000	-	-	43,412	43,412
Central Efland Buckhorn Sewer	4,848,400	-	-	2,064,566	2,064,566
Lake Orange Capital Maintenance	277,000	116,274	-	73,373	189,647
Observation Well Network	11,330	11,297	-	-	11,297
Jail New Campus	-	-	-	3,419	3,419
Southwest Branch Library	650,000	52,406	-	4,170	56,576
Total expenditures	<u>105,899,120</u>	<u>83,203,890</u>	<u>-</u>	<u>7,079,948</u>	<u>90,283,838</u>
Revenues over (under) expenditures	<u>(90,790,913)</u>	<u>(71,811,532)</u>	<u>-</u>	<u>(3,198,164)</u>	<u>(75,009,696)</u>
<b>Other Financing Sources (Uses):</b>					
Bond issuance costs and interest expense	12,345,794	10,037,994	-	(7,535,123)	2,502,871
Refunding bonds	135,000,609	22,455,000	-	96,693,500	119,148,500
Bond premium	18,696,911	1,762,954	-	14,195,360	15,958,314
Installment loan issuance	62,490,202	57,468,407	-	-	57,468,407
Capital lease issuance	-	2,540,999	-	-	2,540,999
Payment to escrow agent	(153,906,103)	(24,021,358)	-	(104,030,089)	(128,051,447)
Transfers in	18,521,563	15,443,409	-	783,243	16,226,652
Transfers out	(3,705,000)	(3,268,520)	-	-	(3,268,520)
Appropriated fund balance	1,346,937	-	-	-	-
Total other financing sources (uses)	<u>90,790,913</u>	<u>82,418,885</u>	<u>-</u>	<u>106,891</u>	<u>82,525,776</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,607,353</u>	<u>\$ -</u>	<u>(3,091,273)</u>	<u>\$ 7,516,080</u>
<b>Fund Balance:</b>					
Beginning of year - July 1				<u>10,607,353</u>	
End of year - June 30				<u>\$ 7,516,080</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, 2012**

	<b>Budget to Date</b>	<b>Actual</b>			<b>Total to Date</b>
		<b>Reported in Prior Years</b>	<b>Closed Projects</b>	<b>Current Year</b>	
<b>Revenues:</b>					
Investment earnings	\$ 60,000	\$ 555,825	\$ -	\$ 7,438	\$ 563,263
Sales tax	180,000	75,000	-	-	75,000
Lottery proceeds	2,892,139	2,959,057	-	-	2,959,057
Other	-	-	-	33,759	33,759
<b>Total revenues</b>	<b>3,132,139</b>	<b>3,589,882</b>	<b>-</b>	<b>41,197</b>	<b>3,631,079</b>
<b>Expenditures:</b>					
<b>Orange County Schools:</b>					
A.L. Stanback Middle School	32,000	-	-	-	-
Cameron Park Elementary	590,600	507,402	-	15,960	523,362
Efland Cheeks Elementary	423,449	238,748	-	136,985	375,733
Grady Brown Elementary	54,040	54,023	-	-	54,023
Hillsborough Elementary	365,000	241,878	-	-	241,878
New Hope Elementary renovations	325,000	242,740	-	-	242,740
Stanford Middle School	688,065	176,073	-	164,535	340,608
Orange High School	559,435	508,744	-	44,437	553,181
Orange High Track Repairs	495,634	495,634	-	-	495,634
Alternative School	356,720	302,111	-	-	302,111
Central elementary air	174,900	136,059	-	2,542	138,601
Classroom improvements	3,769,440	734,436	-	1,835,144	2,569,580
Electrical Systems	245,000	-	-	170,685	170,685
Window Replacements	195,322	-	-	158,136	158,136
Kitchen renovations project	27,785	-	-	-	-
Roofing projects	1,600,000	905,350	-	690,593	1,595,943
Technology plan	1,422,668	664,224	-	656,201	1,320,425
HVAC Upgrade/Improvements	713,850	-	-	489,432	489,432
District-wide improvements	200,000	175,869	-	54,333	230,202
Bathroom renovations	180,532	83,682	-	-	83,682
Fire/safety upgrades	318,569	249,042	-	-	249,042
<b>Total Orange County Schools</b>	<b>12,738,009</b>	<b>5,716,015</b>	<b>-</b>	<b>4,418,983</b>	<b>10,134,998</b>

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, 2012

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
<b>Chapel Hill Carrboro Schools:</b>					
Elementary #11	23,637,196	917,341	-	3,026,923	3,944,264
Morris Grove Elementary	40,000	38,686	-	225	38,911
Transportation Center	309,500	289,540	-	-	289,540
Carrboro High School	75,000	6,223	-	68,777	75,000
Carrboro Arts Wing	4,066,434	4,023,260	-	23,387	4,046,647
Abatement projects	343,000	237,531	-	30,005	267,536
ADA requirements	140,505	141,371	-	-	141,371
ATH facilities/playgrounds	590,000	93,572	-	197,035	290,607
Classroom/academic improvements	595,000	58,259	-	432,358	490,617
Doors, hardware, canopies	77,654	47,604	-	2,396	50,000
Electrical systems	339,740	146,805	-	194,101	340,906
Fire, safety, and security	385,000	104,743	-	123,683	228,426
Indoor air quality	451,340	199,220	-	215,340	414,560
Mechanical systems	1,705,968	578,627	-	576,170	1,154,797
Mobile classrooms	352,696	227,348	-	107,930	335,278
Parking lot improvements	320,000	11,015	-	7,400	18,415
Planning for future projects	150,000	-	-	-	-
Roofing projects	5,360,009	1,228,682	-	2,037,715	3,266,397
Bathroom renovations	175,000	-	-	-	-
Technology	3,977,003	2,739,432	-	1,237,571	3,977,003
Window replacements	353,658	308,031	-	-	308,031
Total Chapel Hill Carrboro Schools	43,444,703	11,397,290	-	8,281,016	19,678,306
Other expenditures	60,000	39,115	-	-	39,115
Total expenditures	56,242,712	17,152,420	-	12,699,999	29,852,419
Revenues over (under) expenditures	(53,110,573)	(13,562,538)	-	(12,658,802)	(26,221,340)
<b>Other Financing Sources (Uses):</b>					
Bonds issuance	14,170,874	14,170,873	-	-	14,170,873
Installment loan insurance	22,000,000	10,926,288	-	21,500,000	32,426,288
Transfers in	16,939,699	-	-	5,453,620	5,453,620
Total other financing sources (uses)	53,110,573	25,097,161	-	26,953,620	52,050,781
Net change in fund balance	\$ -	\$ 11,534,623	\$ -	14,294,818	\$ 25,829,441
<b>Fund Balance:</b>					
Beginning of year - July 1				11,534,623	
End of year - June 30				\$ 25,829,441	

## 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.

**Piedmont Food and Agricultural Processing Center** – 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 businesses in the four county area.

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

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## ORANGE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2012

	Nonmajor Capital Project Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and investments	\$ 145,760	\$ 5,953,221	\$ 6,098,981
Account receivable:			
Property taxes, net	-	95,603	95,603
Federal	-	8,597	8,597
State	-	755,882	755,882
Other	-	1,873,338	1,873,338
Total assets	<u>\$ 145,760</u>	<u>\$ 8,686,641</u>	<u>\$ 8,832,401</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ 154,170	\$ 154,170
Due to other funds	-	230,096	230,096
Deferred revenue	-	1,160,738	1,160,738
Total liabilities	<u>-</u>	<u>1,545,004</u>	<u>1,545,004</u>
<b>Fund Balances:</b>			
Restricted for:			
Stabilization for State statute	-	1,625,036	1,625,036
Restricted, all other	-	2,143,974	2,143,974
Committed:	145,760	723,920	869,680
Assigned	-	2,903,661	2,903,661
Unassigned	-	(254,954)	(254,954)
Total fund balances	<u>145,760</u>	<u>7,141,637</u>	<u>7,287,397</u>
Total liabilities and fund balances	<u>\$ 145,760</u>	<u>\$ 8,686,641</u>	<u>\$ 8,832,401</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, 2012**

	<b>Nonmajor Capital Project Funds</b>	<b>Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Property taxes	\$ -	\$ 4,656,071	\$ 4,656,071
Article 46 sales tax	-	709,663	709,663
Intergovernmental revenues	-	5,778,072	5,778,072
Charges for services	-	687,871	687,871
Investment earnings	193	4,180	4,373
Impact fees	-	1,648,235	1,648,235
Asset management	-	63,575	63,575
Miscellaneous	-	365,015	365,015
Total revenues	<u>193</u>	<u>13,912,682</u>	<u>13,912,875</u>
<b>Expenditures:</b>			
Current:			
General services	-	953,510	953,510
Community and environment	-	6,694,766	6,694,766
Human services	-	385,252	385,252
Public safety	-	4,188,423	4,188,423
Total expenditures	<u>-</u>	<u>12,221,951</u>	<u>12,221,951</u>
Revenues over (under) expenditures	<u>193</u>	<u>1,690,731</u>	<u>1,690,924</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	386,648	386,648
Transfer out	<u>(334,894)</u>	<u>(1,040,000)</u>	<u>(1,374,894)</u>
Total other financing sources (uses)	<u>(334,894)</u>	<u>(653,352)</u>	<u>(988,246)</u>
Net change in fund balances	(334,701)	1,037,379	702,678
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>480,461</u>	<u>6,104,258</u>	<u>6,584,719</u>
End of year - June 30	<u>\$ 145,760</u>	<u>\$ 7,141,637</u>	<u>\$ 7,287,397</u>

## ORANGE COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012

	<b>School Capital Reserve Fund</b>	<b>County Capital Reserve Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and investments	\$ 113,294	\$ 32,466	\$ 145,760
Total assets	<u>\$ 113,294</u>	<u>\$ 32,466</u>	<u>\$ 145,760</u>
<b>Fund Balances:</b>			
Committed:			
Education	\$ 113,294	\$ -	\$ 113,294
Governing and management	<u>-</u>	<u>32,466</u>	<u>32,466</u>
Total fund balances	<u>113,294</u>	<u>32,466</u>	<u>145,760</u>
Total liabilities and fund balances	<u>\$ 113,294</u>	<u>\$ 32,466</u>	<u>\$ 145,760</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, 2012**

	<u>School Capital Reserve Fund</u>	<u>County Capital Reserve Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>			
Investment earnings	\$ 72	\$ 121	\$ 193
Total revenues	<u>72</u>	<u>121</u>	<u>193</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>-</u>	<u>(334,894)</u>	<u>(334,894)</u>
Total other financing sources (uses)	<u>-</u>	<u>(334,894)</u>	<u>(334,894)</u>
Net change in fund balances	72	(334,773)	(334,701)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>113,222</u>	<u>367,239</u>	<u>480,461</u>
End of year - June 30	<u>\$ 113,294</u>	<u>\$ 32,466</u>	<u>\$ 145,760</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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 72	\$ 72
Total revenues	<u>-</u>	<u>72</u>	<u>72</u>
Net change in fund balance	<u>\$ -</u>	<u>72</u>	<u>\$ 72</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>113,222</u>	
End of year - June 30		<u>\$ 113,294</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 121	\$ 121
Total revenues	<u>-</u>	<u>121</u>	<u>121</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated Fund Balance	334,894	-	(334,894)
Transfer to County Capital Project Fund	<u>(334,894)</u>	<u>(334,894)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(334,894)</u>	<u>(334,894)</u>
Net change in fund balance	<u>\$ -</u>	<u>(334,773)</u>	<u>\$ (334,773)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>367,239</u>	
End of year - June 30		<u>\$ 32,466</u>	

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**ORANGE COUNTY, NORTH CAROLINA**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012**

	<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	\$ 2,185,090	\$ -	\$ 594,402	\$ 197,507	\$ 680,034	\$ 516,538	\$ 519,611
Account receivable:							
Property taxes, net	-	-	-	-	-	-	-
Federal	-	-	-	-	8,597	-	-
State	-	-	-	-	-	46,232	-
Other	<u>338,747</u>	<u>1,397,819</u>	<u>-</u>	<u>12,781</u>	<u>9,937</u>	<u>-</u>	<u>91,422</u>
Total assets	<u>\$ 2,523,837</u>	<u>\$ 1,397,819</u>	<u>\$ 594,402</u>	<u>\$ 210,288</u>	<u>\$ 698,568</u>	<u>\$ 562,770</u>	<u>\$ 611,033</u>
<b>Liabilities and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ -	\$ 12,830	\$ 25,986	\$ 35,486	\$ 17,224	\$ 9,953	\$ 34,279
Due to other funds	-	199,505	-	-	-	-	-
Deferred revenue	-	<u>1,000,000</u>	-	<u>63,656</u>	-	-	-
Total liabilities	-	<u>1,212,335</u>	<u>25,986</u>	<u>99,142</u>	<u>17,224</u>	<u>9,953</u>	<u>34,279</u>
<b>Fund Balances:</b>							
Restricted:							
Stabilization by State statute	338,747	397,819	-	-	18,534	46,232	91,422
Restricted, all other	-	-	568,416	111,146	-	506,585	485,332
Committed	-	-	-	-	662,810	-	-
Assigned	2,185,090	-	-	-	-	-	-
Unassigned	-	<u>(212,335)</u>	-	-	-	-	-
Total fund balances	<u>2,523,837</u>	<u>185,484</u>	<u>568,416</u>	<u>111,146</u>	<u>681,344</u>	<u>552,817</u>	<u>576,754</u>
Total liabilities and fund balances	<u>\$ 2,523,837</u>	<u>\$ 1,397,819</u>	<u>\$ 594,402</u>	<u>\$ 210,288</u>	<u>\$ 698,568</u>	<u>\$ 562,770</u>	<u>\$ 611,033</u>

Local Fire Districts	Heusner	Library Development	Adoption Enhancement	Recreation Subdivision	Article 46 Sales Tax	Piedmont Food and Agricultural Processing Center	Spay Neuter	Total Nonmajor Special Revenue Funds
\$ 472,495	\$ 9,150	\$ 139,005	\$ 62,620	\$ 471,513	\$ -	\$ -	\$ 105,256	\$ 5,953,221
95,603	-	-	-	-	-	-	-	95,603
-	-	-	-	-	-	-	-	8,597
-	-	-	-	-	709,650	-	-	755,882
-	-	-	-	-	-	22,632	-	1,873,338
<u>\$ 568,098</u>	<u>\$ 9,150</u>	<u>\$ 139,005</u>	<u>\$ 62,620</u>	<u>\$ 471,513</u>	<u>\$ 709,650</u>	<u>\$ 22,632</u>	<u>\$ 105,256</u>	<u>\$ 8,686,641</u>
\$ -	\$ -	\$ -	\$ 31	\$ -	\$ -	\$ 12,028	\$ 6,353	\$ 154,170
-	-	-	-	-	19,987	10,604	-	230,096
95,603	-	-	1,479	-	-	-	-	1,160,738
95,603	-	-	1,510	-	19,987	22,632	6,353	1,545,004
-	-	-	-	-	709,650	22,632	-	1,625,036
472,495	-	-	-	-	-	-	-	2,143,974
-	-	-	61,110	-	-	-	-	723,920
-	9,150	139,005	-	471,513	-	-	98,903	2,903,661
-	-	-	-	-	(19,987)	(22,632)	-	(254,954)
472,495	9,150	139,005	61,110	471,513	689,663	-	98,903	7,141,637
<u>\$ 568,098</u>	<u>\$ 9,150</u>	<u>\$ 139,005</u>	<u>\$ 62,620</u>	<u>\$ 471,513</u>	<u>\$ 709,650</u>	<u>\$ 22,632</u>	<u>\$ 105,256</u>	<u>\$ 8,686,641</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, 2012**

	<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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,038,383
Article 46 sales tax	-	-	-	-	-	-	-
Intergovernmental revenues	-	650,752	4,042,427	377,306	620,552	-	29,891
Charges for services	-	-	-	35,917	-	554,787	-
Investment earnings	1,609	-	524	-	-	334	790
Impact fees	1,648,235	-	-	-	-	-	-
Asset Management	-	-	-	63,575	-	-	-
Miscellaneous	-	72,331	-	15	-	-	150,587
Total revenues	<u>1,649,844</u>	<u>723,083</u>	<u>4,042,951</u>	<u>476,813</u>	<u>620,552</u>	<u>555,121</u>	<u>1,219,651</u>
<b>Expenditures:</b>							
Current:							
General services	-	953,510	-	-	-	-	-
Community and environment	-	-	4,745,727	548,027	41,654	-	1,095,499
Human services	-	-	-	-	362,666	-	-
Public safety	-	-	-	-	100,692	505,930	-
Total expenditures	<u>-</u>	<u>953,510</u>	<u>4,745,727</u>	<u>548,027</u>	<u>505,012</u>	<u>505,930</u>	<u>1,095,499</u>
Revenues over (under) expenditures	<u>1,649,844</u>	<u>(230,427)</u>	<u>(702,776)</u>	<u>(71,214)</u>	<u>115,540</u>	<u>49,191</u>	<u>124,152</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	228,437	86,997	71,214	-	-	-
Transfer out	<u>(1,040,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,040,000)</u>	<u>228,437</u>	<u>86,997</u>	<u>71,214</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	609,844	(1,990)	(615,779)	-	115,540	49,191	124,152
<b>Fund Balances:</b>							
Beginning of year - July 1	<u>1,913,993</u>	<u>187,474</u>	<u>1,184,195</u>	<u>111,146</u>	<u>565,804</u>	<u>503,626</u>	<u>452,602</u>
End of year - June 30	<u>\$ 2,523,837</u>	<u>\$ 185,484</u>	<u>\$ 568,416</u>	<u>\$ 111,146</u>	<u>\$ 681,344</u>	<u>\$ 552,817</u>	<u>\$ 576,754</u>

Local Fire Districts	Heusner	Library Development	Adoption Enhancement	Recreation Subdivision	Article 46 Sales Tax	Piedmont Food and Agricultural Processing Center	Spay Neuter	Total Nonmajor Special Revenue Funds
\$ 3,617,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,656,071
-	-	-	-	-	709,663	-	-	709,663
-	-	-	-	-	-	57,144	-	5,778,072
-	-	-	22,376	-	-	42,449	32,342	687,871
369	6	125	40	299	-	25	59	4,180
-	-	-	-	-	-	-	-	1,648,235
-	-	-	-	-	-	-	-	63,575
-	-	-	-	6,678	100,000	-	35,404	365,015
<u>3,618,057</u>	<u>6</u>	<u>125</u>	<u>22,416</u>	<u>6,977</u>	<u>809,663</u>	<u>99,618</u>	<u>67,805</u>	<u>13,912,682</u>
-	-	-	-	-	-	-	-	953,510
-	-	-	-	-	120,000	99,618	44,241	6,694,766
-	-	-	22,586	-	-	-	-	385,252
<u>3,581,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,188,423</u>
<u>3,581,801</u>	<u>-</u>	<u>-</u>	<u>22,586</u>	<u>-</u>	<u>120,000</u>	<u>99,618</u>	<u>44,241</u>	<u>12,221,951</u>
<u>36,256</u>	<u>6</u>	<u>125</u>	<u>(170)</u>	<u>6,977</u>	<u>689,663</u>	<u>-</u>	<u>23,564</u>	<u>1,690,731</u>
-	-	-	-	-	-	-	-	386,648
-	-	-	-	-	-	-	-	(1,040,000)
-	-	-	-	-	-	-	-	(653,352)
<u>36,256</u>	<u>6</u>	<u>125</u>	<u>(170)</u>	<u>6,977</u>	<u>689,663</u>	<u>-</u>	<u>23,564</u>	<u>1,037,379</u>
<u>436,239</u>	<u>9,144</u>	<u>138,880</u>	<u>61,280</u>	<u>464,536</u>	<u>-</u>	<u>-</u>	<u>75,339</u>	<u>6,104,258</u>
<u>\$ 472,495</u>	<u>\$ 9,150</u>	<u>\$ 139,005</u>	<u>\$ 61,110</u>	<u>\$ 471,513</u>	<u>\$ 689,663</u>	<u>\$ -</u>	<u>\$ 98,903</u>	<u>\$ 7,141,637</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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Impact Fees:</b>			
Fees - Orange County Schools	\$ 520,000	\$ 646,733	\$ 126,733
Fees - Chapel Hill, Carrboro	<u>520,000</u>	<u>1,001,502</u>	<u>481,502</u>
Total impact fees	<u>1,040,000</u>	<u>1,648,235</u>	<u>608,235</u>
<b>Investments Earnings:</b>			
Orange County Schools	-	748	748
Chapel Hill, Carrboro Schools	<u>-</u>	<u>861</u>	<u>861</u>
Total investment earnings	<u>-</u>	<u>1,609</u>	<u>1,609</u>
Total revenues	<u>1,040,000</u>	<u>1,649,844</u>	<u>609,844</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(1,040,000)</u>	<u>(1,040,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,040,000)</u>	<u>(1,040,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>609,844</u>	<u>\$ 609,844</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>1,913,993</u>	
End of year - June 30		<u>\$ 2,523,837</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, 2012

	Budget to Date	Actual		Total to Date
		Reported in Prior Year	Current Year	
<b>Revenues:</b>				
HUD grants	\$ 10,365,481	\$ 9,078,517	\$ 263,237	\$ 9,341,754
CDBG grants:				
Scattered site	1,300,000	420,535	160,714	581,249
HOME partnership	803,600	803,600	-	803,600
IDA	95,000	65,000	-	65,000
Hookup Grant	75,000	-	53,718	53,718
Investment earnings	1,000	8,394	-	8,394
Program income - HOME	1,762,697	914,463	173,083	1,087,546
Other	185,902	41,528	72,331	113,859
Total revenues	<u>14,588,680</u>	<u>11,332,037</u>	<u>723,083</u>	<u>12,055,120</u>
<b>Expenditures:</b>				
<b>General Services:</b>				
Administration	-	1,632,042	-	1,632,042
Administration - scattered site	-	78,430	-	78,430
Administration - IDA	170,000	192,144	-	192,144
Rehabilitation	2,554,601	5,179,900	223,899	5,403,799
Rehabilitation - HOME partnership	291,997	613,195	68,718	681,913
Rehabilitation - scattered site	800,000	325,455	115,512	440,967
Affordable housing - impact fee reimbursement	990,653	3,438,697	-	3,438,697
Affordable housing - HOME partnership	12,323,882	2,697,471	484,162	3,181,633
Public facilities improvement - HOME partnership	803,600	197,098	-	197,098
Administration - Hookup	75,000	-	61,219	61,219
Total expenditures	<u>18,009,733</u>	<u>14,354,432</u>	<u>953,510</u>	<u>15,307,942</u>
Revenues over (under) expenditures	<u>(3,421,053)</u>	<u>(3,022,395)</u>	<u>(230,427)</u>	<u>(3,252,822)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,407,087	3,996,960	228,437	4,225,397
Transfers out	-	(787,091)	-	(787,091)
Appropriated fund balance	13,966	-	-	-
Total other financing sources (uses)	<u>3,421,053</u>	<u>3,209,869</u>	<u>228,437</u>	<u>3,438,306</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 187,474</u>	<u>(1,990)</u>	<u>\$ 185,484</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>187,474</u>	
End of year - June 30			<u>\$ 185,484</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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Federal grants:			
Housing vouchers	\$ 4,598,183	\$ 4,042,427	\$ (555,756)
Investment earnings	-	524	524
Total revenues	<u>4,598,183</u>	<u>4,042,951</u>	<u>(555,232)</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Housing vouchers:			
Administration	526,004	507,041	18,963
Assistance payments	4,159,176	4,238,686	(79,510)
Total expenditures	<u>4,685,180</u>	<u>4,745,727</u>	<u>(60,547)</u>
Revenues over (under) expenditures	<u>(86,997)</u>	<u>(702,776)</u>	<u>(615,779)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in (out)	<u>86,997</u>	<u>86,997</u>	<u>-</u>
Total other financing sources (uses)	<u>86,997</u>	<u>86,997</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(615,779)</u>	<u>\$ (615,779)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>1,184,195</u>	
End of year - June 30		<u>\$ 568,416</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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Health grants	\$ 158,400	\$ 133,177	\$ (25,223)
Aging	54,000	55,189	1,189
Sheriff	171,735	188,940	17,205
Charges for services	62,000	35,917	(26,083)
Asset management	84,530	63,575	(20,955)
Miscellaneous revenues	16,500	15	(16,485)
Total revenues	<u>547,165</u>	<u>476,813</u>	<u>(70,352)</u>
<b>Expenditures:</b>			
<b>Human Services:</b>			
<b>Asset Management:</b>			
Operating	84,530	63,575	20,955
<b>Health:</b>			
Personnel services	37,230	24,915	12,315
Operating	57,577	47,287	10,290
<b>Aging:</b>			
Personnel services	124,239	103,909	20,330
Operating	105,166	89,790	15,376
<b>EMS:</b>			
Personnel services	53,195	53,953	(758)
Operating	163,650	164,598	(948)
Total expenditures	<u>625,587</u>	<u>548,027</u>	<u>77,560</u>
Revenues over (under) expenditures	<u>(78,422)</u>	<u>(71,214)</u>	<u>7,208</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	71,214	71,214	-
Appropriated fund balance	7,208	-	(7,208)
Total other financing sources (uses)	<u>78,422</u>	<u>71,214</u>	<u>(7,208)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>111,146</u>	
End of year - June 30		<u>\$ 111,146</u>	

ORANGE COUNTY, NORTH CAROLINA

GRANTS PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

	Budget to Date	Actual		Total to Date
		Reported in Prior Year	Current Year	
<b>Revenues:</b>				
Social Services grants	\$ 1,306,097	\$ 866,172	\$ 335,178	\$ 1,201,350
Health grants	2,844,936	2,181,225	26,403	2,207,628
Cooperative extension	361,971	112,593	70,002	182,595
Aging	473,526	(363)	-	(363)
Emergency management grants	2,915,988	1,406,316	39,573	1,445,889
Sheriff	3,015,347	2,844,108	28,346	2,872,454
Planning	633,049	447,485	121,050	568,535
Library	96,584	14,971	-	14,971
Total revenues	<u>11,647,498</u>	<u>7,872,507</u>	<u>620,552</u>	<u>8,493,059</u>
<b>Expenditures:</b>				
<b>Community and Environment:</b>				
Operating	-	50,873	-	50,873
<b>Social Services:</b>				
Personnel services	416,997	178,066	60,366	238,432
Operating	812,804	552,066	225,016	777,082
<b>Health:</b>				
Personnel services	1,961,455	1,544,584	25,229	1,569,813
Operating	1,241,914	566,091	52,055	618,146
<b>Cooperative extension:</b>				
Personnel services	143,669	162,470	-	162,470
Operating	218,302	97,049	41,654	138,703
<b>Aging:</b>				
Personnel services	239,327	-	-	-
Operating	234,199	17,806	-	17,806
<b>EMS:</b>				
Personnel services	-	87,782	-	87,782
Operating	3,254,278	3,243,752	901	3,244,653
<b>Sheriff:</b>				
Personnel services	2,148,067	209,729	-	209,729
Operating	1,373,859	1,002,839	29,705	1,032,544
<b>Planning:</b>				
Personnel services	471,952	245,297	60,175	305,472
Operating	571,024	356,501	9,911	366,412
<b>Library:</b>				
Operating	15,113	15,099	-	15,099
Total expenditures	<u>13,102,960</u>	<u>8,330,004</u>	<u>505,012</u>	<u>8,835,016</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, 2012**

	<u>Budget to Date</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Reported in Prior Year</u>	<u>Current Year</u>	
Revenues over (under) expenditures	<u>(1,455,462)</u>	<u>(457,497)</u>	<u>115,540</u>	<u>(341,957)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to General Fund	<u>(76,297)</u>	<u>(24,917)</u>	<u>-</u>	<u>(24,917)</u>
Transfers in	<u>1,531,759</u>	<u>1,048,218</u>	<u>-</u>	<u>1,048,218</u>
Total other financing sources (uses)	<u>1,455,462</u>	<u>1,023,301</u>	<u>-</u>	<u>1,023,301</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 565,804</u>	<u>115,540</u>	<u>\$ 681,344</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>565,804</u>	
End of year - June 30			<u>\$ 681,344</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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 334	\$ 334
Subscriber fees	455,396	554,787	99,391
Total revenues	<u>455,396</u>	<u>555,121</u>	<u>99,725</u>
<b>Expenditures:</b>			
Personnel services	136,940	137,074	(134)
Operations	342,786	275,049	67,737
Capital outlay	115,831	93,807	22,024
Total expenditures	<u>595,557</u>	<u>505,930</u>	<u>89,627</u>
Revenues over (under) expenditures	<u>(140,161)</u>	<u>49,191</u>	<u>10,098</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	140,161	-	(140,161)
Total other financing sources (uses)	<u>140,161</u>	<u>-</u>	<u>(140,161)</u>
Net change in fund balance	<u>\$ -</u>	49,191	<u>\$ 49,191</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>503,626</u>	
End of year - June 30		<u>\$ 552,817</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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Occupancy tax	\$ 841,598	\$ 1,038,383	\$ 196,785
State Arts Grant	29,891	29,891	-
Investment earnings	2,000	790	(1,210)
Other	151,000	150,587	(413)
Total revenues	<u>1,024,489</u>	<u>1,219,651</u>	<u>195,162</u>
<b>Expenditures:</b>			
Community and environment Operations	720,303	710,735	9,568
Personnel services	380,899	384,764	(3,865)
Total expenditures	<u>1,101,202</u>	<u>1,095,499</u>	<u>5,703</u>
Revenues over (under) expenditures	<u>(76,713)</u>	<u>124,152</u>	<u>200,865</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>76,713</u>	-	<u>(76,713)</u>
Total other financing sources (uses)	<u>76,713</u>	-	<u>(76,713)</u>
Net change in fund balance	<u>\$ -</u>	124,152	<u>\$ 124,152</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>452,602</u>	
End of year - June 30		<u>\$ 576,754</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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Property taxes, current	\$ 3,460,956	\$ 3,562,625	\$ 101,669
Property taxes, delinquent	39,005	55,063	16,058
NCDOT Grant	25,000	-	(25,000)
Investment earnings	1,651	369	(1,282)
Total revenues	<u>3,526,612</u>	<u>3,618,057</u>	<u>91,445</u>
<b>Expenditures:</b>			
<b>Public Safety:</b>			
Remittance to fire districts	<u>3,606,801</u>	<u>3,581,801</u>	<u>25,000</u>
Total expenditures	<u>3,606,801</u>	<u>3,581,801</u>	<u>25,000</u>
Revenues over (under) expenditures	(80,189)	36,256	116,445
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>80,189</u>	<u>-</u>	<u>(80,189)</u>
Net change in fund balance	<u>\$ -</u>	<u>36,256</u>	<u>\$ 36,256</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>436,239</u>	
End of year - June 30		<u>\$ 472,495</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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 6	\$ 6
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>9,144</u>	
End of year - June 30		<u>\$ 9,150</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 125	\$ 125
Net change in fund balance	<u>\$ -</u>	125	<u>\$ 125</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>138,880</u>	
End of year - June 30		<u>\$ 139,005</u>	

## ORANGE COUNTY, NORTH CAROLINA

**ADOPTION ENHANCEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	Budget to Date	Reported in Prior Year	Actual	
			Current Year	Total to Date
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 17,141	\$ 40	\$ 17,181
Charges for services	<u>452,060</u>	<u>430,106</u>	<u>22,376</u>	<u>452,482</u>
Total revenues	<u>452,060</u>	<u>447,247</u>	<u>22,416</u>	<u>469,663</u>
<b>Expenditures:</b>				
Adoption enhancement	<u>529,005</u>	<u>462,912</u>	<u>22,586</u>	<u>485,498</u>
Total expenditures	<u>529,005</u>	<u>462,912</u>	<u>22,586</u>	<u>485,498</u>
Revenues over (under) expenditures	(76,945)	(15,665)	(170)	(15,835)
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	<u>76,945</u>	<u>76,945</u>	<u>-</u>	<u>76,945</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 61,280</u>	(170)	<u>\$ 61,110</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>61,280</u>	
End of year - June 30			<u>\$ 61,110</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 299	\$ 299
Subdivision payments	-	<u>6,678</u>	<u>6,678</u>
Total revenues	-	<u>6,977</u>	<u>6,977</u>
Net change in fund balance	<u>\$ -</u>	6,977	<u>\$ 6,977</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>464,536</u>	
End of year - June 30		<u>\$ 471,513</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Article 46 Sales Tax	\$ 625,000	\$ 709,663	\$ 84,663
Miscellaneous Revenue	-	100,000	100,000
Total revenues	<u>625,000</u>	<u>809,663</u>	<u>184,663</u>
<b>Expenditures:</b>			
<b>Community and Environment</b>			
Economic Development	312,500	120,000	192,500
<b>Education:</b>			
Renovation - Chapel Hill Carrboro Schools	95,000	-	95,000
Technology - Chapel Hill Carrboro Schools	95,625	-	95,625
Technology - Chapel Hill Orange County Schools	<u>121,875</u>	<u>-</u>	<u>121,875</u>
Total expenditures	<u>625,000</u>	<u>120,000</u>	<u>505,000</u>
Net change in fund balance	<u>\$ -</u>	689,663	<u>\$ 689,663</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 689,663</u>	

## ORANGE COUNTY, NORTH CAROLINA

PIEDMONT FOOD AND AGRICULTURAL PROCESSING CENTER  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 25	\$ 25
Grants	57,144	57,144	-
Charges for services	47,900	42,449	(5,451)
Total revenues	<u>105,044</u>	<u>99,618</u>	<u>(5,426)</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Personnel services	63,635	61,711	1,924
Operations	36,069	29,483	6,586
Capital outlay	5,340	8,424	(3,084)
Total expenditures	<u>105,044</u>	<u>99,618</u>	<u>5,426</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 59	\$ 59
Animal tax	27,000	32,342	5,342
Donations	1,000	3,970	2,970
Miscellaneous revenues	10,000	31,434	21,434
Total revenues	<u>38,000</u>	<u>67,805</u>	<u>29,805</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Personnel Services	1,938	2,095	(157)
Operations	44,846	42,146	2,700
Total expenditures	<u>46,784</u>	<u>44,241</u>	<u>2,543</u>
Revenues over (under) expenditures	<u>(8,784)</u>	<u>23,564</u>	<u>32,348</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	8,784	-	(8,784)
Total other financing sources (uses)	<u>8,784</u>	<u>-</u>	<u>(8,784)</u>
Net change in fund balance	<u>\$ -</u>	<u>23,564</u>	<u>\$ 23,564</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>75,339</u>	
End of year - June 30		<u>\$ 98,903</u>	

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## **Enterprise Funds**

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

### **Major Enterprise Funds**

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

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

### **Nonmajor Enterprise Fund**

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

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## ORANGE COUNTY, NORTH CAROLINA

**SOLID WASTE LANDFILL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Over/Under</u>
<b>Revenues:</b>			
Landfill fees	\$ 2,894,060	\$ 2,804,460	\$ (89,600)
Sanitation fees	383,843	380,777	(3,066)
Recycling	4,753,264	4,910,192	156,928
Mulch sales	105,000	140,658	35,658
Grants - State	425,590	419,354	(6,236)
Other	10,000	110,055	100,055
Investment earnings	20,000	10,001	(9,999)
Gain on disposal of fixed assets	6,500	-	(6,500)
Total revenues	<u>8,598,257</u>	<u>8,775,497</u>	<u>177,240</u>
<b>Expenditures:</b>			
Administration	1,762,722	1,737,455	25,267
Landfill	3,978,508	1,905,048	2,073,460
Recycling	3,199,228	3,364,811	(165,583)
Contract services	4,568,305	1,302,658	3,265,647
Total expenditures	<u>13,508,763</u>	<u>8,309,972</u>	<u>5,198,791</u>
Revenues over (under) expenditures	<u>(4,910,506)</u>	<u>465,525</u>	<u>5,376,031</u>
<b>Other Financing Sources (Uses):</b>			
Debt service, proceeds	3,000,000	3,000,000	-
Debt service - principal	(732,706)	(527,698)	205,008
Debt service - interest	-	(26,936)	(26,936)
Transfers in	1,989,566	1,617,852	(371,714)
Capital contributions	(756,747)	-	756,747
Appropriated fund balance	1,410,393	-	(1,410,393)
Total other financing sources (uses)	<u>4,910,506</u>	<u>4,063,218</u>	<u>(847,288)</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 4,528,743</u>	<u>\$ 4,528,743</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 4,528,743	
Reconciling items:			
Depreciation		(786,278)	
Post-closing cost		(1,755,866)	
OPEB		(244,612)	
Capital outlay		571,244	
Debt service - principal		527,698	
Debt service - proceeds		<u>(3,000,000)</u>	
Change in net assets		<u>\$ (159,071)</u>	

## ORANGE COUNTY, NORTH CAROLINA

**SPORTSPLEX FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Service fees	\$ 2,541,050	\$ 2,785,702	\$ (244,652)
Total revenues	<u>2,541,050</u>	<u>2,785,702</u>	<u>(244,652)</u>
<b>Expenditures:</b>			
Operations	<u>2,952,050</u>	<u>2,432,792</u>	<u>519,258</u>
Revenues over (under) expenditures	<u>(411,000)</u>	<u>352,910</u>	<u>(763,910)</u>
<b>Other Financing Sources (Uses):</b>			
Debt service, principal	(649,279)	(376,367)	(272,912)
Debt service, interest	-	(217,318)	217,318
Transfers in	649,279	649,279	-
Appropriated fund balance	<u>411,000</u>	<u>-</u>	<u>411,000</u>
Total other financing sources (uses)	<u>411,000</u>	<u>55,594</u>	<u>355,406</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 408,504</u>	<u>\$ 408,504</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>\$ 408,504</u>	
Reconciling items:			
Depreciation expense		(259,010)	
Debt service		<u>376,367</u>	
Total reconciling items		<u>117,357</u>	
Change in net assets		<u>\$ 525,861</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, 2012**

	<u>Actual</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Service fees	\$ 142,000	\$ 146,202	\$ 4,202
Interest on investments	-	66	66
Total revenues	<u>142,000</u>	<u>146,268</u>	<u>4,268</u>
<b>Expenditures:</b>			
Operations	185,200	184,850	(350)
Repairs and maintenance	45,300	44,700	(600)
Total expenditures	<u>230,500</u>	<u>229,550</u>	<u>(950)</u>
Revenues over (under) expenditures	<u>(88,500)</u>	<u>(83,282)</u>	<u>5,218</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	88,500	88,500	-
Total other financing sources (uses)	<u>88,500</u>	<u>88,500</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 5,218</u>	<u>\$ 5,218</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		\$ 5,218	
Reconciling items:			
Depreciation expense		<u>(87,134)</u>	
Change in net assets		<u>\$ (81,916)</u>	

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**Internal Service Funds**

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## ORANGE COUNTY, NORTH CAROLINA

**DENTAL INSURANCE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Operating Revenues:</b>			
Employee contributions	\$ 370,000	\$ 362,899	\$ (7,101)
<b>Operating Expenditures:</b>			
General and administrative	30,000	28,210	1,790
Claims expense	450,000	438,652	11,348
Contract services	10,000	10,000	-
Total operating expenditures	<u>490,000</u>	<u>476,862</u>	<u>13,138</u>
Operating income (loss)	<u>(120,000)</u>	<u>(113,963)</u>	<u>6,037</u>
<b>Non-Operating Revenues:</b>			
Investment earnings	<u>-</u>	<u>140</u>	<u>140</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in (out)	10,000	10,000	-
Appropriated fund balance	<u>110,000</u>	<u>-</u>	<u>(110,000)</u>
Total other financing sources (uses)	<u>120,000</u>	<u>10,000</u>	<u>(110,000)</u>
Change in net assets	<u>\$ -</u>	<u>(103,823)</u>	<u>\$ (103,823)</u>
<b>Net Assets:</b>			
Beginning of year - July 1		<u>278,831</u>	
End of year - June 30		<u>\$ 175,008</u>	

**ORANGE COUNTY, NORTH CAROLINA**

**OPC RETIREE HEALTH INSURANCE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Operating Revenues:</b>			
Employee contributions	\$ 520,000	\$ 510,006	\$ (9,994)
<b>Operating Expenditures:</b>			
Premium expense	520,000	-	520,000
Total operating expenditures	<u>520,000</u>	<u>-</u>	<u>520,000</u>
.			
Change in net assets	<u>\$ -</u>	510,006	<u>\$ 510,006</u>
<b>Net Assets:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 510,006</u>	

## **Agency Funds**

**ORANGE COUNTY, NORTH CAROLINA**

**AGENCY FUNDS**

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**JUNE 30, 2012**

	<u>School District</u>	<u>Jail Inmate Trust</u>	<u>Cooperative Extension 4-H</u>	<u>Hyconeechee Regional Library</u>
<b>Assets:</b>				
Cash and investments	\$ 59,573	\$ 98,181	\$ 72,346	\$ -
Accounts receivable, property taxes	201,497	-	-	-
Accounts receivable, other	-	-	-	7,259
Total assets	<u>\$ 261,070</u>	<u>\$ 98,181</u>	<u>\$ 72,346</u>	<u>\$ 7,259</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 261,070	\$ 98,181	\$ 4,537	\$ 7,259
Due to cooperative extension	-	-	67,809	-
Total liabilities	<u>\$ 261,070</u>	<u>\$ 98,181</u>	<u>\$ 72,346</u>	<u>\$ 7,259</u>

<b>American Stone No Fault Well Repair</b>	<b>Communication Tower Trust</b>	<b>Motor Vehicle Tax</b>	<b>DSS Trust</b>	<b>Register of Deeds Trust Fee</b>	<b>Totals</b>
\$ 121,093	\$ 2,118	\$ 5,052	\$ 98,219	\$ 11,148	\$ 467,730
-	-	-	-	-	201,497
-	-	-	-	-	7,259
<u>\$ 121,093</u>	<u>\$ 2,118</u>	<u>\$ 5,052</u>	<u>\$ 98,219</u>	<u>\$ 11,148</u>	<u>\$ 676,486</u>
\$ 121,093	\$ 2,118	\$ 5,052	\$ 98,219	\$ 11,148	\$ 608,677
-	-	-	-	-	67,809
<u>\$ 121,093</u>	<u>\$ 2,118</u>	<u>\$ 5,052</u>	<u>\$ 98,219</u>	<u>\$ 11,148</u>	<u>\$ 676,486</u>

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b><u>School District Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 78,848	\$ 19,521,218	\$ 19,540,493	\$ 59,573
Accounts receivable, property taxes	271,877	19,450,839	19,521,219	201,497
Total assets	<u>\$ 350,725</u>	<u>\$ 38,972,057</u>	<u>\$ 39,061,712</u>	<u>\$ 261,070</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 350,725</u>	<u>\$ 38,972,057</u>	<u>\$ 39,061,712</u>	<u>\$ 261,070</u>
<b><u>Jail Inmate Fund</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 94,607</u>	<u>\$ 277,116</u>	<u>\$ 273,542</u>	<u>\$ 98,181</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 94,607</u>	<u>\$ 277,116</u>	<u>\$ 273,542</u>	<u>\$ 98,181</u>
<b><u>Cooperative Extension 4-H Fund</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 67,001</u>	<u>\$ 108,724</u>	<u>\$ 103,379</u>	<u>\$ 72,346</u>
<b>Liabilities:</b>				
Accounts payable	\$ 3,983	\$ 30,383	\$ 29,829	\$ 4,537
Due to cooperative extension	63,018	78,341	73,550	67,809
Total assets	<u>\$ 67,001</u>	<u>\$ 108,724</u>	<u>\$ 103,379</u>	<u>\$ 72,346</u>
<b><u>Hvconeechee Regional Library Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 3,374	\$ 468,129	\$ 471,503	\$ -
Accounts receivable, other	2,762	7,259	2,762	7,259
Total assets	<u>\$ 6,136</u>	<u>\$ 475,388</u>	<u>\$ 474,265</u>	<u>\$ 7,259</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 6,136</u>	<u>\$ 475,388</u>	<u>\$ 474,265</u>	<u>\$ 7,259</u>
Total assets	<u>\$ 6,136</u>	<u>\$ 475,388</u>	<u>\$ 474,265</u>	<u>\$ 7,259</u>
<b><u>American Stone No Fault Well Repair</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 120,598</u>	<u>\$ 15,078</u>	<u>\$ 14,583</u>	<u>\$ 121,093</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 120,598</u>	<u>\$ 15,078</u>	<u>\$ 14,583</u>	<u>\$ 121,093</u>

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b><u>Communication Tower Trust Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 6,612	\$ 722	\$ 5,216	\$ 2,118
<b>Liabilities:</b>				
Accounts payable	\$ 6,612	\$ 722	\$ 5,216	\$ 2,118
<b><u>Motor Vehicle Tax</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 6,821	\$ 77,402	\$ 79,171	\$ 5,052
<b>Liabilities:</b>				
Accounts payable	\$ 6,821	\$ 77,402	\$ 79,171	\$ 5,052
<b><u>DSS Trust Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 98,513	\$ 402,958	\$ 403,252	\$ 98,219
<b>Liabilities:</b>				
Accounts payable	\$ 98,513	\$ 402,958	\$ 403,252	\$ 98,219
<b><u>Register of Deeds Trust Fee</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 2,220	\$ 127,664	\$ 118,736	\$ 11,148
<b>Liabilities:</b>				
Accounts payable	\$ 2,220	\$ 127,664	\$ 118,736	\$ 11,148
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 478,594	\$ 20,999,011	\$ 21,009,875	\$ 467,730
Accounts receivable - property taxes	271,877	19,450,839	19,521,219	201,497
Accounts receivable - other	2,762	7,259	2,762	7,259
Total assets	<u>\$ 753,233</u>	<u>\$ 40,457,109</u>	<u>\$ 40,533,856</u>	<u>\$ 676,486</u>
<b>Liabilities:</b>				
Accounts payable	\$ 690,215	\$ 40,378,768	\$ 40,460,306	\$ 608,677
Due to cooperative extension	63,018	78,341	73,550	67,809
Total liabilities	<u>\$ 753,233</u>	<u>\$ 40,457,109</u>	<u>\$ 40,533,856</u>	<u>\$ 676,486</u>

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## **Supplemental Financial Data**

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## ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
 GENERAL FUND  
 JUNE 30, 2012

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2011</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	\$ -	\$ 136,779,611	\$ 134,715,752	\$ 2,063,859
2010-2011	1,962,722	-	1,342,460	620,262
2009-2010	554,774	-	245,761	309,013
2008-2009	1,032,576	-	121,152	911,424
Total	<u>\$ 3,550,072</u>	<u>\$ 136,779,611</u>	<u>\$ 136,425,125</u>	3,904,558
Less: Allowance for uncollectible accounts				<u>(1,084,392)</u>
Ad valorem taxes receivable, net				<u>\$ 2,820,166</u>
<b>Reconciliation with Revenues:</b>				
Taxes - Ad Valorem - General Fund				\$ 135,873,089
Reconciling items:				
Interest and penalties				<u>552,036</u>
Total collections and credits				<u>\$ 136,425,125</u>

## ORANGE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2012

	Property Valuation**	Rate Per \$100	Total Adjusted Levy*	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 15,617,126,791	\$ 0.00858	\$ 133,994,948	\$ 128,998,003	\$ 4,996,945
Motor vehicles taxed at prior year rate	318,159,090	0.00858	2,729,805	-	2,729,805
Late list penalties	5,330,303		45,734	45,734	-
Lien advertisement	-		9,124	9,124	-
Total	<u>15,940,616,184</u>		136,779,611	129,052,861	7,726,750
Uncollected taxes at June 30, 2012			<u>2,063,859</u>	<u>1,331,634</u>	<u>732,225</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 134,715,752</u>	<u>\$ 127,721,227</u>	<u>\$ 6,994,525</u>
<b>Current Levy Collection Percentage</b>			<u>98.49%</u>	<u>98.97%</u>	<u>90.52%</u>

\* Total adjusted levy includes discoveries and abatements.

\*\*Property tax valuation prior to the discoveries and abatements

## Statistical Section

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

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

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

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

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

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

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

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**ORANGE COUNTY, NORTH CAROLINA**

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

	For Year Ended June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
Invested in capital assets, net of related debt	\$ 35,398,235	\$ 33,142,313	\$ 31,659,037	\$ 15,390,929	\$ 10,104,943	\$ 25,802,378	\$ 8,323,542	\$ (2,329,884)	\$ 6,033,496	\$ 3,363,763
Restricted for:										
Capital assets	-	-	-	-	-	-	22,521,235	-	500,511	20,122,226
Stabilization by State statute	11,153,113	8,727,555	-	-	-	-	-	-	-	-
Restricted, all other	27,503,219	1,250,092	-	-	-	-	-	-	-	-
Unrestricted	(131,483,110)	(110,118,490)	(113,765,405)	(116,045,276)	(118,028,841)	(107,189,190)	(112,977,847)	(71,473,372)	(79,627,592)	(90,754,566)
Total governmental activities net assets	\$ (57,428,543)	\$ (66,998,530)	\$ (82,106,368)	\$ (100,652,347)	\$ (107,923,898)	\$ (81,386,812)	\$ (82,133,070)	\$ (73,803,256)	\$ (73,093,585)	\$ (65,876,370)
Business-type activities										
Invested in capital assets, net of related debt	\$ 4,404,980	\$ 6,877,907	\$ 7,762,990	\$ 7,932,387	\$ 6,705,214	\$ 3,363,225	\$ 5,334,757	\$ 5,331,054	\$ 6,034,422	\$ 6,728,112
Unrestricted	2,753,605	(4,193)	(557,826)	1,459,512	4,279,258	3,566,096	1,595,064	812,996	(582,170)	(187,000)
Total business-type activities net assets	\$ 7,158,588	\$ 6,873,714	\$ 7,205,164	\$ 9,391,899	\$ 10,984,472	\$ 6,929,321	\$ 6,929,821	\$ 6,144,050	\$ 5,452,252	\$ 6,541,112
Primary government										
Invested in capital assets, net of related debt	\$ 39,803,215	\$ 40,020,220	\$ 39,422,027	\$ 23,323,316	\$ 16,810,157	\$ 29,165,603	\$ 13,658,299	\$ 3,001,170	\$ 12,067,918	\$ 10,091,875
Restricted for:										
Stabilization by State statute	11,153,113	8,727,555	-	-	-	-	-	-	-	-
Capital assets	-	-	-	-	-	-	22,521,235	-	500,511	20,122,226
Restricted, all other	27,503,219	1,250,092	-	-	-	-	-	-	-	-
Unrestricted	(128,729,502)	(110,122,683)	(114,323,231)	(114,583,764)	(113,749,583)	(103,623,094)	(111,382,783)	(70,660,376)	(80,209,762)	(90,941,566)
Total primary government net assets	\$ (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)	\$ (59,335,258)

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

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

**ORANGE COUNTY, NORTH CAROLINA**

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

	For Year Ended June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses:</b>										
Governmental activities:										
Governing and management	\$ 23,497,848	\$ 23,192,706	\$ 23,366,641	\$ 10,816,693	\$ 14,898,928	\$ 10,364,753	\$ 9,013,179	\$ 11,633,062	\$ 11,581,882	\$ 7,984,601
General services	7,222,770,000	7,155,635	6,826,209	18,730,842	12,422,454	11,404,059	10,371,173	10,095,265	8,168,947	9,447,392
Community and environment	9,786,774,000	10,288,447	12,726,270	10,932,997	20,065,425	9,922,055	9,078,254	8,939,210	9,893,926	8,022,768
Human services	33,431,309,000	33,536,733	33,011,737	37,604,903	38,842,566	34,318,247	33,499,003	32,558,212	29,540,568	28,075,210
Education	76,639,990,200	74,053,776	66,641,699	74,276,350	86,812,048	85,157,632	82,853,757	58,910,220	61,463,034	62,967,519
Public safety	23,717,846,000	22,352,109	21,796,091	20,166,400	23,399,912	20,546,205	18,278,983	16,685,076	15,781,817	14,462,403
Cultural and recreational	2,168,615,000	1,802,668	1,007,304	3,751,394	3,191,198	3,245,515	2,508,464	2,430,733	1,918,031	1,538,918
Interest on long-term debt	14,479,651,000	8,948,063	10,495,788	9,539,848	10,501,269	8,290,604	7,526,775	6,508,674	6,766,691	6,480,482
Total governmental activities expenses	<b>190,944,715</b>	<b>181,330,137</b>	<b>175,871,739</b>	<b>185,819,427</b>	<b>210,133,800</b>	<b>183,249,070</b>	<b>173,129,588</b>	<b>147,760,452</b>	<b>145,114,896</b>	<b>138,979,293</b>
Business-type activities:										
Landfill	10,552,420,000	10,436,377	11,216,161	10,036,966	8,342,749	6,560,515	6,691,328	5,766,797	5,456,187	4,722,846
Sewer	316,684,000	401,689	305,171	269,822	193,535	209,020	181,329	177,477	237,150	921,655
SportsPlex	2,909,120,000	2,977,153	2,937,975	3,145,593	2,800,482	2,721,368	1,322,837	-	-	-
Total business-type activities expenses	<b>13,778,224</b>	<b>13,815,219</b>	<b>14,459,307</b>	<b>13,452,381</b>	<b>11,336,766</b>	<b>9,490,903</b>	<b>8,195,494</b>	<b>5,944,274</b>	<b>5,693,337</b>	<b>5,644,501</b>
Total primary government expenses	<b>204,722,939</b>	<b>195,145,356</b>	<b>190,331,046</b>	<b>199,271,808</b>	<b>221,470,566</b>	<b>192,739,973</b>	<b>181,325,082</b>	<b>153,704,726</b>	<b>150,808,233</b>	<b>144,623,794</b>
<b>Revenues:</b>										
Governmental activities:										
Program revenues:										
Charges for services	12,766,266	12,532,375	11,926,481	11,707,014	12,233,135	13,340,016	11,926,850	10,861,457	10,747,239	10,409,508
Operating grants and contributions	23,403,397	24,934,383	25,180,675	23,255,128	23,447,199	23,514,334	21,785,974	20,388,946	19,304,008	19,075,713
Capital grants and contributions	6,075,501	5,578,325	4,270,546	5,900,817	1,648,654	3,857,083	26,673	953,634	60,068	-
General revenues:										
Property taxes	141,596,821	140,247,782	137,966,129	130,773,568	122,093,823	114,240,169	103,277,416	91,188,353	84,879,390	80,396,482
Other taxes	18,271,966	15,115,418	15,441,100	19,736,772	24,058,200	23,319,221	21,795,500	20,448,762	19,138,144	16,555,551
Other	756,382	102,822	(367,213)	2,222,054	2,340,763	3,724,713	4,903,090	2,966,288	2,446,239	2,963,720
Total governmental activities program revenues	<b>202,870,333</b>	<b>198,511,105</b>	<b>194,417,718</b>	<b>193,595,353</b>	<b>185,821,774</b>	<b>181,995,536</b>	<b>163,715,503</b>	<b>147,257,440</b>	<b>136,575,088</b>	<b>129,400,974</b>

**ORANGE COUNTY, NORTH CAROLINA**

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

	For Year Ended June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Business-type activities:</b>										
Charges for services	11,278,046	10,980,033	10,724,011	10,233,917	10,624,806	9,833,042	8,094,895	6,847,668	4,428,918	4,633,446
Operating grants and contributions	419,354,000	414,853	434,968	401,180	198,046	215,234	195,214	215,868	191,750	299,083
Other	10,067	15,753	1,113,593	720,336	2,344,005	1,237,757	672,117	96,679	30,379	39,708
Total business-type activities program revenues	11,707,467	11,410,639	12,272,572	11,355,433	13,166,857	11,286,033	8,962,226	7,160,215	4,651,047	4,972,237
Total primary government program revenues	214,577,800	209,921,744	206,690,290	204,950,786	198,988,631	193,281,569	172,677,729	154,417,655	141,226,135	134,373,211
Increase (decrease) in net assets	9,854,861	14,776,388	16,359,244	5,678,978	(22,481,935)	541,596	(8,647,353)	712,929	(9,582,098)	(10,250,583)
<b>Change in net assets</b>										
Net assets, July 1, previously reported	(60,124,816)	(74,901,204)	(91,260,448)	(96,939,426)	(74,457,491)	(75,203,249)	(67,659,206)	(67,641,333)	(59,335,258)	(48,641,062)
Prior period adjustment	-	-	-	-	-	204,162	1,103,310	(730,802)	1,276,023	(443,613)
Net assets, July 1, restated	(60,124,816)	(74,901,204)	(91,260,448)	(96,939,426)	(74,457,491)	(74,999,087)	(66,555,896)	(68,372,135)	(58,059,235)	(49,084,675)
Total net assets, June 30	\$ (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)	\$ (59,335,258)

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

**ORANGE COUNTY, NORTH CAROLINA**

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

	2012	2011
General Fund		
Non-spendable:		
Prepaid items	\$ 16,946	\$ 12,794
Inventories	17,788	115,521
Restricted for:		
Stabilization for State statute	8,399,062	8,189,624
Committed:		
General services	145,919	53,524
Assigned:		
Subsequent year expenditures	3,212,872	1,131,417
Restricted	921,525	
Unassigned	35,145,394	27,782,007
<b>Total General Fund</b>	<b>47,859,506</b>	<b>37,284,887</b>
All other governmental funds		
Non-spendable:		
Restricted for:		
Stabilization for State statute	2,754,051	537,931
Education	35,075,811	19,523,469
Governing and management	25,359,245	9,420,468
Public safety	7,572,592	8,852,909
Community and environment	979,080	885,111
Committed	1,164,894	364,981
Human services	1,339,876	4,827,118
Education	723,920	563,941
Governing and management	583,490	2,227,377
Assigned:	32,466	2,035,800
Community and environment	2,903,661	3,838,177
General services	709,421	1,900,645
Education	9,150	196,618
Unassigned	2,185,090	1,740,914
Total all other government funds	42,073,399	28,726,695
<b>Total government funds</b>	<b>\$ 89,932,905</b>	<b>\$ 66,011,582</b>

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

**For Year Ended June 30**

	2010	2009	2008	2007	2006	2005	2004	2003
General Fund								
Reserved for:								
Inventories	143,078	181,031	113,966	113,966	114,036	82,251	83,803	118,188
Encumbrances	1,843,044	1,176,508	963,542	963,542	847,979	624,561	628,551	646,232
State statute	7,956,626	7,837,484	10,349,628	10,349,628	7,956,752	6,905,033	7,649,826	6,775,510
Total reserved	9,942,748	9,195,023	11,427,136	11,427,136	8,918,767	7,611,845	8,362,180	7,539,930
Unreserved:								
Designated:								
Subsequent year's expenditures	401,673	1,988,442	2,000,000	-	-	-	1,714,451	2,099,108
Undesignated	21,097,621	18,977,470	23,803,324	21,384,544	15,452,551	13,548,885	10,879,392	12,329,134
Total unreserved	21,499,294	20,965,912	25,803,324	21,384,544	15,452,551	13,548,885	12,593,843	14,428,242
<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>	<b>20,956,023</b>	<b>21,968,172</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	1,652,432	1,090,126
State statute	596,618	866,041	688,649	1,596,372	495,693	1,366,199	825,530	903,919
Total reserved	3,507,007	3,927,767	12,584,802	3,484,614	8,131,540	4,100,170	2,477,962	1,994,045
Unreserved:								
Designated:								
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	-	-	-	-
Nonmajor special revenue	375,417	71,289	112,741	400,258	-	-	-	-
Subsequent year's expenditures*	-	-	-	-	33,120,947	17,882,591	5,468,041	19,710,687
Undesignated*	-	-	-	-	2,300,707	2,794,179	3,718,401	7,059,332
Reported in nonmajor special revenue	4,799,533	5,996,514	6,704,065	5,391,683	3,936,389	2,277,472	2,583,290	1,880,657
Total unreserved	22,606,113	38,502,473	13,508,408	72,834,548	39,358,043	22,954,242	11,769,732	28,650,676
Total all other governmental funds	26,113,120	42,430,240	26,093,210	76,319,162	47,489,583	27,054,412	14,247,694	30,644,721
<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>	<b>\$ 35,203,717</b>	<b>\$ 52,612,893</b>

**ORANGE COUNTY, NORTH CAROLINA**

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

	For Year Ended June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>										
Property taxes	\$ 141,141,578	\$ 139,112,298	\$ 137,768,671	\$ 131,799,145	\$ 122,740,765	\$ 114,817,041	\$ 103,650,756	\$ 91,786,364	\$ 85,404,401	\$ 80,884,567
Sales tax	18,271,966	15,115,418	15,441,100	18,814,450	23,318,982	22,636,962	21,176,362	19,786,266	18,589,763	15,985,224
Intergovernmental revenues	28,588,962	29,118,062	27,776,901	29,155,945	25,095,853	27,371,417	22,346,834	22,438,641	19,364,076	19,075,713
Charges for services	10,094,081	10,312,004	10,386,667	9,639,871	9,930,526	10,560,926	9,754,878	8,232,327	6,697,791	6,632,968
Investment earnings	756,242	102,386	125,672	793,690	3,490,123	3,523,274	3,683,113	1,101,586	396,143	626,991
Licenses and permits	329,265	403,014	328,216	363,594	354,569	332,545	268,571	256,850	1,360,384	1,181,198
Impact fees	1,648,235	1,459,901	1,214,819	1,238,494	1,504,522	2,020,400	1,864,897	2,372,280	2,689,064	2,595,342
Miscellaneous	1,458,674	1,733,217	2,519,964	1,839,989	913,489	994,820	1,253,232	1,314,884	2,048,802	2,335,503
Total revenues	202,289,003	197,356,300	195,562,010	193,645,178	187,348,829	182,257,385	163,998,643	147,289,198	136,550,424	129,317,506
<b>Expenditures</b>										
Current:										
Governing and management	11,946,149	11,547,032	13,454,030	9,451,313	8,809,336	7,765,185	7,060,610	6,315,396	5,081,203	4,600,241
General services	6,556,064	6,716,171	9,450,070	12,911,229	10,807,804	10,597,332	9,976,728	9,703,326	9,341,406	9,447,392
Community and environment	12,308,296	11,853,619	12,314,548	10,232,393	9,904,764	9,533,076	8,964,634	9,040,677	8,769,698	7,999,562
Human services	32,661,585	33,090,063	34,048,520	35,910,264	35,132,231	33,848,886	32,512,567	31,463,036	30,416,726	28,098,416
Education	63,939,903	63,912,513	63,048,729	64,722,715	60,385,461	56,993,744	52,271,554	48,752,268	46,461,682	44,150,357
Public safety	23,063,645	22,643,182	20,810,410	20,926,310	19,786,208	17,549,051	16,202,310	15,699,015	14,367,523	14,367,523
Cultural and recreational	2,078,964	1,810,933	1,790,199	3,322,213	3,114,616	3,156,900	2,444,132	2,329,396	1,918,031	1,538,918
Capital outlay	19,779,947	18,376,147	33,204,669	38,607,718	58,704,637	38,967,226	36,887,563	19,615,281	20,903,526	24,427,047
Debt Service:										
Principal	18,718,055	18,715,710	17,180,037	17,038,179	15,258,741	14,588,007	13,236,904	11,066,814	10,276,402	9,767,002
Interest	15,280,193	9,909,939	8,634,932	9,170,485	9,462,709	8,114,118	6,758,565	6,889,640	6,780,803	6,315,632
Issuance costs	-	-	-	-	-	-	334,964	22,393	2,000	126,583
Total expenditures	206,332,801	198,575,309	213,936,144	222,292,819	231,866,067	203,350,682	187,997,272	161,400,537	155,650,492	150,838,673
Excess of revenues	(4,043,798)	(1,219,009)	(18,374,134)	(28,647,641)	(44,517,238)	(21,093,297)	(23,998,629)	(14,111,339)	(19,100,068)	(21,521,167)
Over (Under) expenditures										
<b>Other financing sources (uses)</b>										
Bonds issuance	14,195,360	-	1,762,954	-	-	-	29,185,000	25,140,000	-	19,175,000
Refunding issuance	96,693,500	-	22,455,000	-	-	-	29,365,000	-	-	22,815,000
Refunding issue costs	(104,030,089)	-	(24,021,358)	-	-	-	(1,590,000)	-	-	2,037,715
Payments to escrow agent - refunding	22,031,500	11,899,439	4,136,434	38,700,000	-	-	(27,775,000)	-	-	(24,726,132)
Installment loans issuance	-	-	-	562,617	-	-	17,685,000	1,820,506	378,300	4,614,276
Capital leases issuance	-	-	-	-	-	-	1,215,255	-	-	-
Transfers in	7,663,511	7,630,887	14,606,087	14,070,320	10,688,569	11,791,989	12,111,856	8,782,469	11,764,671	8,376,157
Transfers out	(10,029,142)	(9,854,897)	(15,600,987)	(14,641,700)	(12,754,594)	(12,598,789)	(12,552,723)	(8,622,211)	(11,718,101)	(8,261,148)
Total other financing sources (uses)	26,524,640	9,675,429	3,338,130	38,691,237	(2,066,025)	58,250,200	47,644,388	27,120,764	424,870	24,030,868
Net change in fund balances	\$ 22,480,842	\$ 8,456,420	\$ (15,036,004)	\$ 10,043,596	\$ (46,583,263)	\$ 37,156,903	\$ 23,645,759	\$ 13,009,425	\$ (18,675,198)	\$ 2,509,701
Debt service as a percentage of non-capital expenditures	18.22%	15.88%	14.28%	13.38%	15.05%	13.63%	13.23%	12.68%	12.66%	12.72%

**ORANGE COUNTY, NORTH CAROLINA**

**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	Direct Tax Rate	Total Tax Rate	Estimated Actual Market Value	Assessed Value as a Percent of Actual Value
2003	\$ 8,163,921,473	\$ 1,100,233,638	\$ 215,976,206	\$ 34,248,473	\$ 9,445,882,844	0.845	\$ 10,476,799,960	90.16%	
2004	8,482,244,767	1,092,264,074	212,895,468	32,222,193	9,755,182,116	0.880	11,040,124,876	88.36%	
2005	8,794,192,326	1,115,514,805	208,965,580	34,545,769	10,084,126,942	0.843	12,037,873,871	83.77%	
2006	10,321,040,868	1,322,278,025	211,531,245	40,113,991	11,814,736,147	0.843	12,445,034,661	94.94%	
2007	10,936,261,416	1,214,967,577	218,479,438	39,393,242	12,330,315,189	0.903	13,740,043,669	89.74%	
2008	11,183,241,007	1,219,216,812	218,549,070	39,786,610	12,581,220,279	0.950	14,977,643,189	84.00%	
2009	11,423,377,444	1,214,725,067	226,279,680	44,144,633	12,820,237,558	0.998	15,577,445,392	82.30%	
2010	14,131,248,011	1,234,045,107	233,399,929	59,956,991	15,538,736,056	0.858	18,091,437,950	85.89%	
2011	14,349,991,992	1,173,260,442	228,934,751	62,197,005	15,689,990,180	0.858	18,269,667,186	85.88%	
<b>2012</b>	<b>14,509,087,828</b>	<b>1,217,661,746</b>	<b>234,219,001</b>	<b>61,832,450</b>	<b>15,899,136,125</b>	<b>0.858</b>	<b>18,726,408,865</b>	<b>84.90%</b>	

Source: Annual County Report of Valuation and Property Tax Levies

**ORANGE COUNTY, NORTH CAROLINA**

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

	For Year Ended June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Orange County	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.0980	\$ 0.9500	\$ 0.9030	\$ 0.8430	\$ 0.8800	\$ 0.8450	\$ 0.8300
Municipality rates:										
Chapel Hill	0.4940	0.4940	0.4940	0.5810	0.5220	0.5220	0.5220	0.5750	0.5530	0.5530
Carrboro	0.5894	0.5894	0.5894	0.6863	0.6537	0.6244	0.6244	0.7148	0.6852	0.6852
Hillsborough	0.6200	0.6200	0.6200	0.6700	0.6350	0.6200	0.5660	0.6200	0.6200	0.6200
Mebane	0.4700	0.4700	0.4700	0.4700	0.5000	0.5000	0.5000	0.5000	0.4700	0.4700
Fire districts:										
Cedar Grove	0.07360	0.07360	0.07360	0.07300	0.07300	0.07300	0.0730	0.0730	0.0730	0.0730
Chapel Hill	0.07500	0.07500	0.07500	0.04900	0.01900	0.01900	0.0190	0.0200	0.0200	0.0200
Damascus	0.05000	0.05000	0.06000	0.06000	0.05000	0.04000	0.0260	0.0300	0.0300	0.0260
Effland	0.04660	0.04660	0.04600	0.05225	0.04225	0.04225	0.0348	0.0465	0.0375	0.0285
Eno	0.05990	0.05990	0.05990	0.05700	0.05700	0.05700	0.0570	0.0640	0.0640	0.0440
Little River	0.04060	0.04060	0.04060	0.04600	0.04600	0.04600	0.0460	0.0520	0.0450	0.0450
New Hope	0.08950	0.06950	0.06950	0.06750	0.06750	0.06750	0.0625	0.0650	0.0650	0.0500
Orange Grove	0.04080	0.03580	0.05800	0.04200	0.03900	0.03900	0.0340	0.0390	0.0390	0.0390
Orange Rural	0.05610	0.06360	0.06360	0.06300	0.05600	0.05600	0.0560	0.0510	0.0510	0.0460
South Orange	0.07850	0.07850	0.07850	0.09500	0.04000	0.04000	0.0920	0.0920	0.0920	0.0785
Southern Triangle	0.05000	0.05000	0.05000	0.06000	0.05000	0.04000	0.0260	0.0300	0.0300	0.0260
White Cross	0.07000	0.06000	0.06000	0.06000	0.05000	0.04200	0.0420	0.0480	0.0480	0.0480
Chapel Hill-Carrboro School District	0.18840	0.18840	0.18840	0.23000	0.20350	0.18850	0.1834	0.2000	0.2000	0.1920

Source: Orange County Tax Assessor Office

**ORANGE COUNTY, NORTH CAROLINA**

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

Taxpayer	Type of Business	2012			2003		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Public utility	\$ 94,322,711	1		\$ 78,332,878	1	0.83%
Piedmont Electric Membership	Public utility	52,865,394	2		39,829,704	3	0.42%
East 54 Associates LLC	Real estate	48,493,428	3				
Chapel Hill Foundation Real	Property owners trust	47,460,632	4				
Blue Cross Blue Shield	Insurance provider	39,711,864	5		35,430,128	5	0.38%
VAC Limited Partnership	Apartment rental	36,293,156	6		55,829,704	2	0.59%
Corium LLC	Insurance provider	35,399,117	7		25,608,158	7	0.27%
ACC GF III Chapel Ridge/Chapel View LLC	Apartment rental	34,973,544	8				
Madison University Mall LLC	Retail	34,260,850	9		20,594,783	9	0.22%
Europea Center LLC	Hotel	27,779,617	10		24,273,824	8	0.26%
Bell South Telephone and Telegraph Co.	Public utility				38,105,154	4	0.40%
VS CT LLC	Property owners trust				35,126,445	6	0.37%
Meadowmont JV LLC	Rental/residential				20,065,498	10	0.21%
<b>Total</b>		<b>\$ 451,560,313</b>			<b>\$ 373,196,276</b>		<b>3.95%</b>

Source: Orange County Tax Assessor.

## ORANGE COUNTY, NORTH CAROLINA

### 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		Percent of Delinquent Taxes to Adjusted Tax Levy
							Adjusted Tax Levy	Delinquent Taxes	
2002	2003	\$ 92,190,830	\$ 90,917,919	98.62%	\$ 1,069,986	\$ 91,987,905	\$ 2,629,499	99.78%	2.85%
2003	2004	82,444,007	81,398,098	98.73%	973,082	82,371,180	2,464,989	99.91%	2.99%
2004	2005	88,749,583	87,687,321	98.80%	952,448	88,639,769	2,455,230	99.88%	2.77%
2005	2006	100,374,499	99,271,419	98.90%	954,076	100,255,495	2,711,245	99.88%	2.70%
2006	2007	111,171,556	110,014,826	98.96%	1,053,864	111,068,690	2,774,093	99.91%	2.50%
2007	2008	119,467,330	117,907,855	98.69%	984,746	118,892,601	3,293,772	99.52%	2.76%
2008	2009	127,813,510	126,215,432	98.75%	1,282,847	127,498,279	3,660,536	99.75%	2.86%
2009	2010	133,475,926	131,642,477	98.63%	1,540,429	133,182,906	3,953,556	99.78%	2.96%
2010	2011	135,126,347	133,163,625	98.55%	1,606,528	134,770,153	3,550,073	99.74%	2.63%
<b>2011</b>	<b>2012</b>	<b>136,779,611</b>	<b>134,715,752</b>	<b>98.49%</b>	<b>1,157,337</b>	<b>135,873,089</b>	<b>3,904,558</b>	<b>99.34%</b>	<b>2.85%</b>

\*Tax levy includes special districts

**ORANGE COUNTY, NORTH CAROLINA**

**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	General Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases			
2003	\$ 113,955,000	\$ -	\$ 32,559,707	\$ 5,776	\$ -	\$ -	\$ 1,365,043	\$ -	\$ 147,865,526	1,179	3.81%
2004	107,585,000	-	28,610,895	70,366	-	-	1,094,886	613,794	137,974,941	1,083	3.54%
2005	125,810,000	-	24,565,678	2,107,612	-	-	836,342	1,152,360	154,471,992	1,200	3.75%
2006	148,175,000	-	37,878,032	2,765,956	-	-	6,570,860	1,233,830	196,623,678	1,527	2.37%
2007	139,215,000	-	92,219,561	1,849,471	-	-	6,013,542	1,676,173	240,973,747	1,927	4.76%
2008	130,290,000	-	86,838,352	903,355	-	-	5,419,895	1,147,582	224,599,184	1,763	3.82%
2009	121,415,000	-	113,038,877	2,382,346	-	-	8,634,353	1,442,894	246,913,470	1,881	2.22%
2010	112,520,000	-	109,163,100	2,049,520	-	-	8,147,895	1,004,725	232,885,240	1,759	2.56%
2011	103,490,000	-	109,732,854	3,200,000	-	-	7,661,455	1,024,821	225,109,130	1,682	3.54%
<b>2012</b>	<b>95,520,000</b>	-	<b>114,393,535</b>	<b>2,486,176</b>	-	-	<b>10,175,318</b>	<b>606,855</b>	<b>223,181,884</b>	<b>1,611</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 2011 personal income not available to calculate fiscal year 2012.

## ORANGE COUNTY, NORTH CAROLINA

Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income (1)	Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Total			
2003	\$ 113,955,222	\$ -	113,955,222	2.94%	1.09%	\$ 909
2004	107,585,000	-	107,585,000	2.76%	0.97%	844
2005	125,810,000	-	125,810,000	3.05%	1.05%	977
2006	148,175,000	-	148,175,000	3.15%	1.19%	1,151
2007	130,255,000	-	130,255,000	2.57%	1.13%	1,113
2008	130,290,000	-	130,290,000	2.39%	1.04%	1,023
2009	121,415,000	-	121,415,000	2.27%	0.95%	926
2010	112,520,000	-	112,520,000	1.88%	0.72%	850
2011	103,490,000	-	103,490,000	1.52%	0.66%	778
<b>2012</b>	<b>95,520,000</b>	<b>-</b>	<b>95,520,000</b>	<b>*</b>	<b>0.60%</b>	<b>689</b>

\*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**

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

	For Year Ended June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Assessed value of property	\$ 15,899,136	\$ 15,689,990	\$ 15,538,736	\$ 12,820,238	\$ 12,581,220	\$ 12,330,315	\$ 11,597,244	\$ 10,084,127	\$ 9,735,182	\$ 9,445,863
Debt limit, 8% of assessed value (statutory limitation)	1,271,931	1,255,199	1,243,099	1,025,619	1,006,498	986,425	927,780	806,730	778,815	755,669
Amount of debt applicable to limit:										
Gross debt	223,182	225,109	232,885	224,599	224,599	240,974	196,624	154,472	137,975	147,866
Less:										
Amount available for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Debt outstanding for water and sewer purposes	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	223,182	225,109	232,885	224,599	224,599	240,974	196,624	154,472	137,975	147,866
Legal debt margin	\$ 1,048,749	\$ 1,030,090	\$ 1,010,214	\$ 801,020	\$ 781,899	\$ 745,451	\$ 731,156	\$ 652,258	\$ 640,840	\$ 607,803
Total net debt applicable to limit as a percentage of debt limit	17.55%	17.93%	18.73%	21.90%	22.31%	24.47%	21.19%	19.15%	17.72%	19.57%

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****Direct and Overlapping Governmental Activities Debt****(Unaudited)****As of June 30, 2012**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Municipalities:			
Town of Chapel Hill	\$ 31,445,000	100%	\$ 31,445,000.00
Town of Hillsborough	10,444,941	100%	10,444,941
Town of Carrboro	8,140,128	100%	8,140,128
City of Durham	401,385,000	3%	12,041,550
Town of Mebane	9,357,149	30%	2,807,145
Total direct debt			225,109,130
Total direct and overlapping debt			\$ 289,987,894

Source: Finance Officers of above listed municipalities.

## ORANGE COUNTY, NORTH CAROLINA

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)
2003	120,168	\$ 3,877,363	\$ 30,238	30.40	16,590	3.4%	1,945
2004	120,644	3,902,027	31,900	31.71	17,349	3.0%	2,047
2005	122,052	4,122,336	33,375	32.60	17,532	3.6%	2,153
2006	123,766	4,667,922	34,182	32.41	17,641	3.4%	2,402
2007	125,046	5,060,894	35,191	32.20	18,530	3.3%	1,745
2008	127,344	5,450,187	35,229	32.15	18,580	3.2%	1,965
2009	131,123	5,976,341	35,084	33.20	18,696	6.3%	1,573
2010	132,386	6,186,351	47,063	33.00	18,552	6.6%	1,215
2011	133,801	6,268,886	47,925	<b>33.10</b>	19,026	6.5%	1,962
<b>2012</b>	<b>138,550</b>	*	<b>46,713</b>	<b>33.00</b>	<b>19,462</b>	<b>6.5%</b>	<b>1,640</b>

\*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

Principal Employers  
Current Year and Ten Years Ago  
(Unaudited)

Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
UNC-Chapel Hill	15,785	1	23.70%	16,600	1	26.58%
UNC Hospitals	8,675	2	13.02%	6,819	2	10.92%
Chapel Hill-Carrboro City Schools	2,209	3	3.31%	2,618	3	4.19%
Orange County Schools	1,019	4	1.53%	1,253	5	2.06%
Town of Chapel Hill	880	5	1.32%	768	6	1.23%
Orange County Government	858	6	1.28%	740	7	1.18%
Blue Cross/Blue Shield	788	7	1.18%	1,375	4	2.20%
Harris Teeter, Inc.	493	8	0.74%	522	9	0.83%
Aramark Services	444	9	0.66%			
A Southern Season	441	10	0.66%			
General Electric Corp.				525	8	0.84%
Sports Endeavors, Inc.				434	10	0.69%

Source: Orange County Economic Development Commission, Employment Security Commission

## ORANGE COUNTY, NORTH CAROLINA

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

Function/Program	For Year Ended June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Government and management	94.40	91.55	109.80	74.20	58.00	60.00	60.00	53.00	35.80	35.80
General services	62.9	60.15	84.80	123.40	101.00	113.60	114.20	114.20	112.60	110.40
Community and environment	84.7	90.90	87.60	55.55	55.00	53.00	48.50	48.50	49.00	44.00
Human services	308.1	304.50	325.40	318.60	287.00	299.10	294.30	301.40	287.50	286.44
Public safety	246.8	241.20	227.20	223.40	214.80	206.00	202.50	202.50	202.50	194.50
Cultural and recreational	28.43	29.83	24.03	49.25	31.60	32.60	31.10	31.10	30.10	30.10
Solid Waste Enterprise	57.25	53.10	51.40	44.40	55.00	40.00	43.00	43.00	43.00	38.00
<b>Total</b>	<b>882.58</b>	<b>871.23</b>	<b>910.23</b>	<b>888.80</b>	<b>802.40</b>	<b>804.30</b>	<b>793.60</b>	<b>793.70</b>	<b>760.50</b>	<b>739.24</b>

Source: County Finance Department

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

**ORANGE COUNTY, NORTH CAROLINA**

**Operating Indicators By Function  
Last Nine Fiscal Years  
(Unaudited)**

Function/Program	For Year Ended June 30								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governing and Management:</b>									
Number of animals sheltered	N/A	4,910	4,319	4,610	4,470	4,504	4,037	3,750	<b>3,419</b>
Number of rabies investigations	150	163	227	186	210	149	243	140	<b>108</b>
Employment applications received	4,522	4,032	2,815	4,500	2,015	3,650	78	3,000	<b>3,347</b>
<b>General Services:</b>									
Incoming calls to Technology Help Desk	1,081	1,629	1,609	2,447	3,733	4,447	4,561	6,409	<b>7,879</b>
Real estate documents processed	32,180	27,000	24,951	27,206	28,744	22,975	23,875	23,804	<b>22,901</b>
Vital records recorded and issued	15,849	16,367	16,649	12,150	15,223	18,081	18,454	18,321	<b>18,188</b>
<b>Community and Environment:</b>									
Building permits issued	985	864	953	914	891	824	667	658	<b>661</b>
Building, plumbing, mechanical, and electrical inspections completed	17,775	18,239	18,726	18,222	17,000	13,545	12,125	15,400	<b>13,092</b>
<b>Human Services:</b>									
Households receiving food stamps	23	2,763	2,987	2,978	3,230	3,430	3,785	5,403	<b>6,234</b>
Number of Medicaid cases	48	5,283	5,785	6,019	6,424	6,820	6,952	7,089	<b>9,532</b>
Number of families receiving daycare subsidy	377	319	317	280	330	600	655	560	<b>715</b>
Total number of dental patient visits	3,817	4,000	4,010	3,722	3,495	4,165	3,945	2,277	<b>3,605</b>
Family planning clients served	1,135	1,140	1,191	1,156	1,150	1,045	1,189	1,431	<b>1,004</b>
<b>Public Safety:</b>									
Requests for EMS service	8,865	9,050	9,486	10,988	11,463	10,945	10,988	11,655	<b>13,287</b>
Number of fire inspections	180	188	190	235	270	87	90	300	<b>279</b>
Average number of non-federal inmates per month	138	145	150	162	170	175	175	170	<b>180</b>
<b>Culture and Recreation:</b>									
Library materials circulated at Orange County Library	100,000	153,435	167,000	178,911	180,000	209,023	271,066	337,010	<b>405,282</b>
Number of reference volumes at Orange County Library	2,200	2,363	2,411	2,475	2,493	2,300	3,766	2,555	<b>2,600</b>
<b>Education:</b>									
Average daily membership	17,414	17,818	17,876	18,192	18,550	18,898	18,696	18,990	<b>19,549</b>
County current expense appropriation per pupil (\$)	2,566	2,623	2,796	2,957	2,957	3,200	3,096	3,096	<b>3,102</b>

Source: Orange County Finance Department and Orange County School System

**ORANGE COUNTY, NORTH CAROLINA****Capital Asset Statistics By Function****Last Five Fiscal Years****(Unaudited)**

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

Source: Orange County Finance Department and Orange County School Systems

## **Compliance Section**

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

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

## **Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements Performed In Accordance With Government Auditing Standards**

To the Board of Commissioners  
Orange County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 20, 2012. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Orange County ABC Board, as described in our report on Orange County's financial statements. The financial statements of the Orange County ABC Board were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orange County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.

November 20, 2012

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

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

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

### **Independent Auditors' Report**

To the Board of Commissioners  
Orange County, North Carolina

#### **Compliance**

We have audited Orange County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Orange County's major federal programs for the year ended June 30, 2012. Orange County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Orange County's management. Our responsibility is to express an opinion on Orange County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Orange County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Orange County's compliance with those requirements.

In our opinion, Orange County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

The management of Orange County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Orange County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Orange County's internal control over compliance.

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

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

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
November 20, 2012

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

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

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

### **Independent Auditors' Report**

To the Board of Commissioners  
Orange County, North Carolina

#### **Compliance**

We have audited Orange County's compliance with the types of compliance requirements described in applicable sections of OMB Circular A-133 and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Orange County's major State programs for the year ended June 30, 2012. Orange County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of Orange County's management. Our responsibility is to express an opinion on Orange County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Orange County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Orange County's compliance with those requirements.

In our opinion, Orange County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012.

## Internal Control Over Compliance

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

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

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

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
November 20, 2012

**ORANGE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**1. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified? \_\_\_\_\_ Yes   X   No

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

**Federal Awards**

Internal control over major federal programs:

- Material weaknesses identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified? \_\_\_\_\_ Yes   X   No

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

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

**ORANGE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**1. Summary of Auditors' Results (continued):**

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778, 93.720, 93.775, 93.777
Temporary Assistance For Needy Families Cluster	93.558, 93.714, 93.716
Childcare Development Fund Cluster	93.575, 93.596
Housing Voucher Cluster	14.871
Children's Health Insurance Program	93.767
Adoption Assistance	93.659

Dollar threshold used to distinguish  
between Type A and Type B Programs: \$2,614,120

Auditee qualified as low-risk auditee?  Yes  No

**State Awards**

Internal control over major State programs:

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

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

Any findings disclosed that are required to  
be reported in accordance with the State  
Single Audit Implementation Act?  Yes  No

Identification of major State programs:

- Medicaid Cluster
- Subsidized Childcare Cluster
- Public School Capital Building Fund-Lottery Proceeds
- Foster Care & Adoption Cluster

**ORANGE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

None

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

None

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

None

**ORANGE COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**2011-01:** Corrected.

Orange County, NC  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2012

<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>				
Passed-Through N. C. Department of Health and Human Services:				
<u>Division of Public Health:</u>				
Special Supplemental Nutrition Program for Women, Infants, & Children (WIC)	10.557	\$ 1,141,288	\$ -	\$ -
 <u>Division of Social Services:</u>				
<u>Supplemental Nutrition Assistance Program Cluster:</u>				
SNAP Administration	10.561	875,621	-	875,621
SNAP Fraud Admin	10.561	42,394	-	42,394
<u>Total Supplemental Nutrition Assistance Program Cluster</u>		<u>918,014</u>	<u>-</u>	<u>918,014</u>
 <b>Total U. S. Department of Agriculture</b>		 <u>2,059,302</u>	 <u>-</u>	 <u>918,014</u>
 <b><u>U. S. Department of Housing and Urban Development:</u></b>				
<u>Direct Programs:</u>				
Lower Income Housing Assistance:				
Home Investment Partnership Program	14.239	261,018	-	-
Cooperative Fair Housing Assistance Program	14.401	17,524	-	-
<u>Indian CDBG Program Cluster:</u>				
Single Family Housing Rehabilitation Grant - Indian CDBG Program	14.862	61,219	-	-
<u>Total Indian CDBG Program Cluster</u>		<u>61,219</u>	<u>-</u>	<u>-</u>
<u>Housing Voucher Cluster:</u>				
Section 8 Housing Choice Vouchers	14.871	4,658,668	-	-
<u>Total Housing Voucher Cluster</u>		<u>4,658,668</u>	<u>-</u>	<u>-</u>
Passed-Through N.C. Department of Commerce:				
<u>Division of Community Assistance:</u>				
Scattered Site Housing Grant	10.417	11,511	-	-
Economic Recovery Grant	10.417	71,673	-	-
<b>Total U. S. Department of Housing and Urban Development</b>		<u>5,081,613</u>	<u>-</u>	<u>-</u>
 <b><u>U. S. Department of Justice - Office of Justice Programs:</u></b>				
<u>Justice Assistance Grant Cluster:</u>				
Justice Assistance Grant	16.738	28,347	-	-
<u>Total Justice Assistance Grant Cluster</u>		<u>28,347</u>	<u>-</u>	<u>-</u>
<b>Total U. S. Department of Justice</b>		<u>28,347</u>	<u>-</u>	<u>-</u>
 <b><u>U. S. Department of Transportation:</u></b>				
Passed-Through N. C. Department of Transportation:				
Rural Capital Program Rural Capital Program	20.505-1	67,799	-	-
Rural Capital Program Rural Capital Program	20.509	191,907	51,340	-
<b>Total U. S. Department of Transportation</b>		<u>259,706</u>	<u>51,340</u>	<u>-</u>
 <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	93.052	58,168	-	-
<u>Aging Cluster:</u>				
Grants for Supportive Services and Senior Centers	93.044	343,989	-	788,200
<u>Total Aging Cluster</u>		<u>343,989</u>	<u>-</u>	<u>788,200</u>

Orange County, NC  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2012

<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>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	164,300	-	-
<u>Division of Child Development:</u>				
Child Care and Development Fund - Discretionary	93.575	1,403,428	-	-
Child Care and Development Fund - Mandatory	93.596	434,719	-	-
Child Care and Development Fund - Match	93.596	1,053,356	505,810	-
<u>Total Child Care Development Fund Cluster</u>		<u>3,055,803</u>	<u>505,810</u>	-
Temporary Assistance for Needy Families	93.558	538,898	-	-
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families	93.714	17,970	-	-
Smart Start	XXXX	-	363,818	-
State Appropriations		-	594,818	-
TANF-MOE		-	138,634	-
<u>Total Subsidized Child Care Cluster</u>		<u>3,612,671</u>	<u>1,603,080</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 Assistance Program	93.778	92,445	35,666	-
Adult Care Home Case Management	93.778	46,706	22,445	24,260
Medicaid Expansion	93.778	10,153	10,153	-
Medical Assistance - Administration	93.778	1,143,757	-	1,143,757
Medical Transportation Services	93.778	20,241	10,781	-
Medical Assistance Program - Direct Benefit Payments	93.778	64,857,485	37,491,785	923
<u>Total Medicaid Cluster</u>		<u>66,170,787</u>	<u>37,570,830</u>	<u>1,168,940</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	44,917	-	-
Prevention Investigations and Technical Assistance	93.283	136,794	-	-
Communicable Disease Expansion Budget	93.940	31,000	-	-
Statewide Health Promotion Program	93.991	15,261	-	-
<u>Immunization Cluster:</u>				
Immunization Program/Aid to County Funding	93.268	29,702	-	-
<u>Total Immunization Cluster</u>		<u>29,702</u>	-	-
<u>Administration on Children and Families</u>				
Passed through NC Department of Health and Human Services				
<u>Division of Social Services:</u>				
Temporary Assistance for Needy Families	93.558	67,650	-	-
Refuge Health	93.576	1,583	-	-
<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	93.994	120,210	90,168	-
<u>Office of Population Affairs</u>				
Passed through NC Department of Health and Human Services				
<u>Office of Population Affairs:</u>				
Family Planning	93.217	62,117	-	-

Orange County, NC  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2012

<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	259,477	35,103	98,193
Social Services Block Grant - In Home Services	93.667	94,225	-	13,461
Social Services Block Grant - In Home Services over 60	93.667	28,731	-	4,104
Social Services Block Grant - Adult Daycare	93.667	2,244	-	320
Social Services Block Grant - Adult Daycare over 60	93.667	-	1,811	259
TANF to SSBG	93.667	68,772	-	-
Family Preservation	93.556	8,080	-	-
Crisis Intervention Payments	93.568	370,427	-	-
Low Income Energy Administration	93.568	82,686	-	-
Low Income Energy Assistance	93.568	158,600	-	-
Permanency Planning - Spec	93.645	29,138	8,120	12,420
Family Violence Prevention	93.671	4,249	-	1,416
Independent Living - LINKS	93.674	35,169	-	-
Links	93.674	27,346	6,837	-
IV-D Administration	93.563	1,455,066	-	749,579
IV-D Offset Fees - Esc	93.563	160	-	82
IV-D Offset Fees - Federal	93.563	2,582	-	1,330
NC Health Choice	93.767	39,336	2,969	9,727
Adoption/Foster Care	93.659	414,108	-	24,099
<u>Direct Benefit Payments:</u>				
Refugee Assistance Payment	93.566	7,964	-	-
Energy Assistance Payment	93.568	23	-	-
AFDC Payments & Penalties	93.560	(156)	(43)	(43)
Total Division of Social Services		3,088,226	54,796	914,947
 <u>Temporary Assistance for Needy Families Cluster:</u>				
<u>Administration:</u>				
TANF-Domestic Violence	93.558	16,933	-	-
TANF- Work First Admin	93.558	249,596	-	259,167
TANF- Work First Service	93.558	887,458	-	1,111,754
<u>Direct Benefit Payments:</u>				
TANF- Payments & Penalties	93.558	618,663	-	1,865
Total Temporary Assistance for Needy Families Cluster		1,772,650	-	1,372,786
 <u>Foster Care and Adoption Cluster:</u>				
<u>Administration:</u>				
IV-E CPS	93.658	403,981	97,966	306,015
IV-E Foster Care/OErTm	93.658	342	-	114
IV-E Foster Care/ Off Trn	93.658	445,358	-	445,358
IV-E Optional Adoption	93.659	678,552	181,982	181,982
IV-E Adoption Training	93.659	544	-	181
IV-E Adoption Training 50%	93.659	54,388	-	54,388
<u>Direct Benefit Payments:</u>				
IV-E Admin County Paid to CCI	93.658	15,134	7,567	7,567
IV-E Family Foster Max	93.658	599	-	345
IV-E Foster Care	93.658	151,291	40,662	40,663
IV-E Foster Care in Excess	93.658	39,371	10,544	10,544
Total Foster Care and Adoption Cluster		1,789,560	338,722	1,047,157
<b>Total U.S. Department of Health and Human Services</b>		77,345,285	39,657,596	5,292,030
 <u>Corporation for National and Community Service:</u>				
<u>Direct Programs:</u>				
Aging Action Retired Senior Volunteer Program	94.002	80,370	-	13,663
 <u>U. S. Department of Homeland Security:</u>				
<u>Passed-Through N. C. Department of Crime Control and Public Safety</u>				
Emergency Management Performance Grant	97.042	21,560	-	-
<b>Total U.S. Department of Homeland Security</b>		21,560	-	-

Orange County, NC  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2012

<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>Environmental Protection Agency</u></b>				
Pased through NC Dept. of Environment and Natural Resources				
Capitalization Grants for Clean Water State				
Revolving Loans (Note 2)	64.458/ CS370884-01	2,250,956	-	-
Total Environmental Protection Agency		2,250,956	-	-
<b><u>U. S. Department of Treasury:</u></b>				
Volunteer Income tax Assistance (VITA) Matching Grant	21.009	10,198	-	4,500
<b>Total Federal awards</b>		<b>87,137,337</b>	<b>39,708,936</b>	<b>6,228,207</b>
<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 Incent/Prog Integrity		-	22	-
<u>Direct Benefit Payments:</u>				
CWS Adopt Subsidy & Vendor		-	260,792	79,025
F/C at risk maximization		-	409	217
Foster Care Special Provision		-	10,644	-
State/County Special Assistance Domiciliary Care Pmt		-	750,221	750,221
State County Special Assistance		-	-	79,075
SFHS Maximization		-	15,183	15,183
State Foster Home		-	59,503	59,503
Work First Non Reimbursable		-	-	513,217
County Funded Programs				1,416,100
Total Division of Social Services		-	1,096,774	2,912,540
<u>Office of Juvenile Justice:</u>				
Community Based Alternatives	536920	-	284,441	-
<u>Division of Child Health:</u>				
Smart Start		-	75,000	-
<u>Division of Public Health:</u>				
Food and Lodging Fees		-	6,704	-
Environmental Health		-	4,000	-
Mosquito-Public Health Pesticide		-	4,625	-
General Aid to Counties		-	112,134	-
General Communicable Disease Control		-	3,708	-
Risk Reduction/Health Promotion		-	6,198	-
ESMM Community Grants		-	500	-
Interpreter Grant II		-	20,900	-
HWTF-Teen Tobacco		-	86,220	-
WHSF		-	3,396	-
TPPI - pregnancy prevention		-	4	-
Tuberculosis		-	12,995	-
TB Medical Services		-	1,776	-
Total Division of Public Health		-	263,160	-
<b>Total N. C. Department of Health and Human Services</b>		<b>-</b>	<b>1,719,374</b>	<b>2,912,540</b>
<b><u>N.C. Department of Transportation:</u></b>				
<u>Rural Operating Assistance Program</u>				
Elderly and Disabled Transportation Assistance Program		-	80,370	-
Work First Program		-	33,410	-
Rural General Public Program		-	67,169	-
Safe Roads Act		-	(61,078)	-
<b>Total N. C. Department of Transportation</b>		<b>-</b>	<b>119,871</b>	<b>-</b>

Orange County, NC  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2012

<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 Cultural Resources:</u></b>				
State Arts Grant		-	29,891	-
<u>Division of State Library:</u>				
<u>Passed-Through Hyconeechee Regional Library:</u>				
State Aid to Public Libraries		-	113,726	1,791,776
<b>Total N. C. Department of Cultural Resources</b>		<u>-</u>	<u>143,617</u>	<u>1,791,776</u>
<b><u>N. C. Department of Corrections</u></b>				
Criminal Justice Partnership		-	188,940	29,610
<b><u>N.C. Department of Environment and Natural Resources</u></b>				
Parks and Recreation Trust Fund		-	200,733	-
<b><u>N. C. Department of Public Instruction:</u></b>				
Public School Capital Building Fund - Lottery Proceeds		-	2,161,455	-
<b><u>N.C. Department of Insurance</u></b>				
SHIIP Funds		-	4,266	-
<b>Total State awards</b>		<u>-</u>	<u>4,538,256</u>	<u>4,733,926</u>
<b>Total Federal and State Awards</b>		<u>\$ 87,137,337</u>	<u>\$ 44,247,193</u>	<u>\$ 10,962,134</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. 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		\$ -	\$ 2,161,455

3. Clustered Programs

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

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