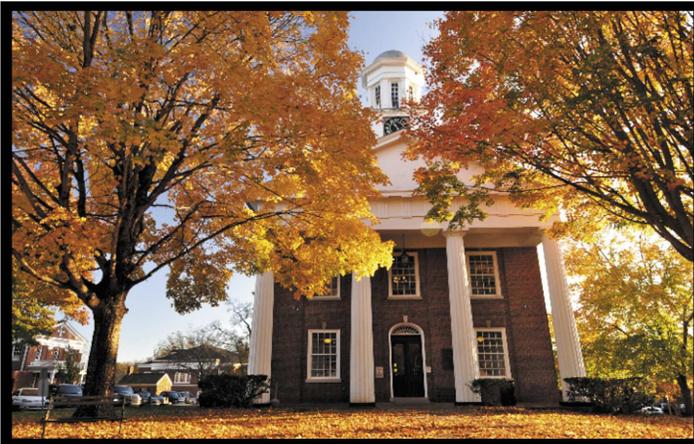


# Comprehensive Annual Financial Report Year Ended June 30, 2013



# Comprehensive Annual Financial Report

Year Ended June 30, 2013



**Barry Jacobs**

**Chair, Board of County Commissioners**

**Michael Talbert**

**Interim County Manager**

**Clarence G. Grier, CPA**

**Assistant County Manager & Chief  
Financial Officer**

**Prepared by**

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

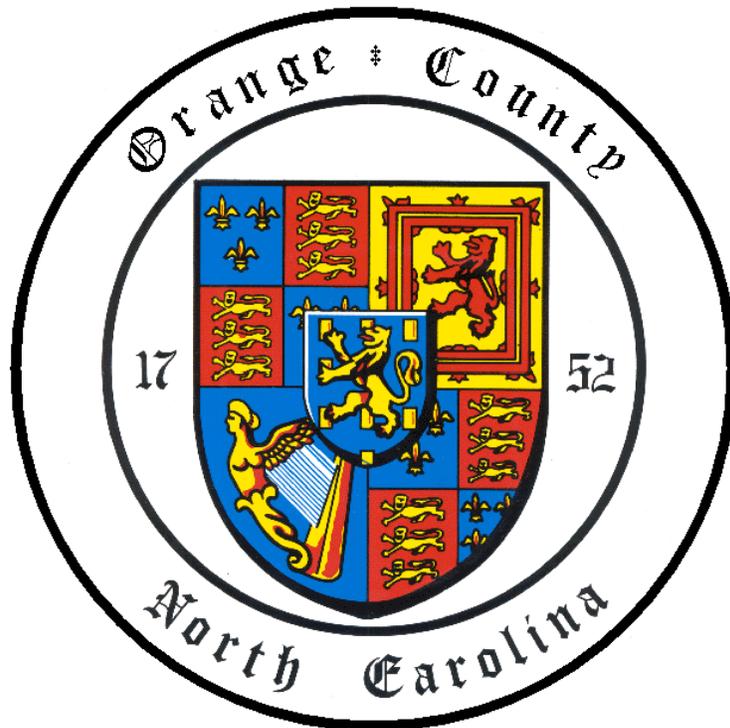
Howard A. Fitts, CPA, Accountant  
Shari Rasberry, Financial Service Coordinator  
Michele Brooks, Accounting Technician  
Katina Perry, Accounting Technician  
Kimberlee Quatrone, Accounting Technician  
and the Budget Office Staff

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**ORANGE COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2013**



**ORANGE COUNTY, NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2013**

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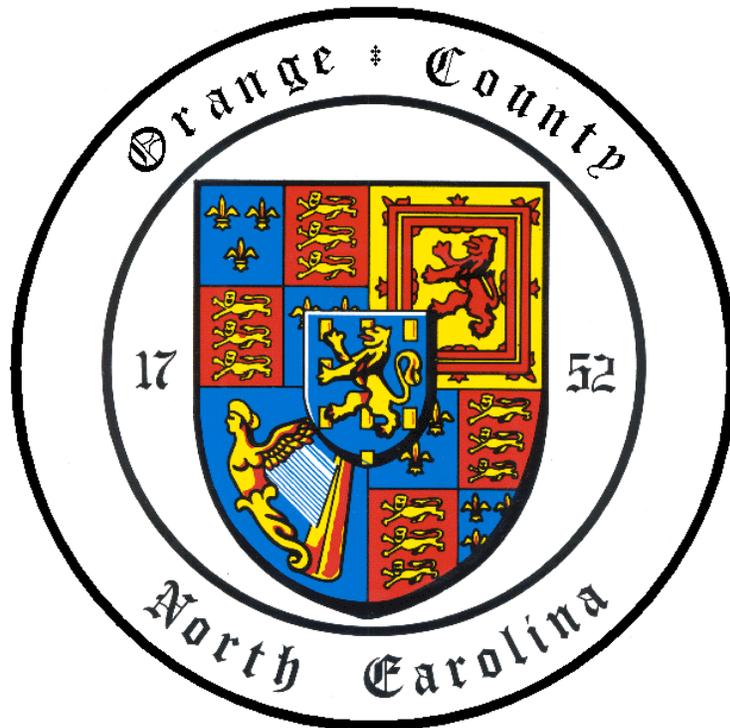
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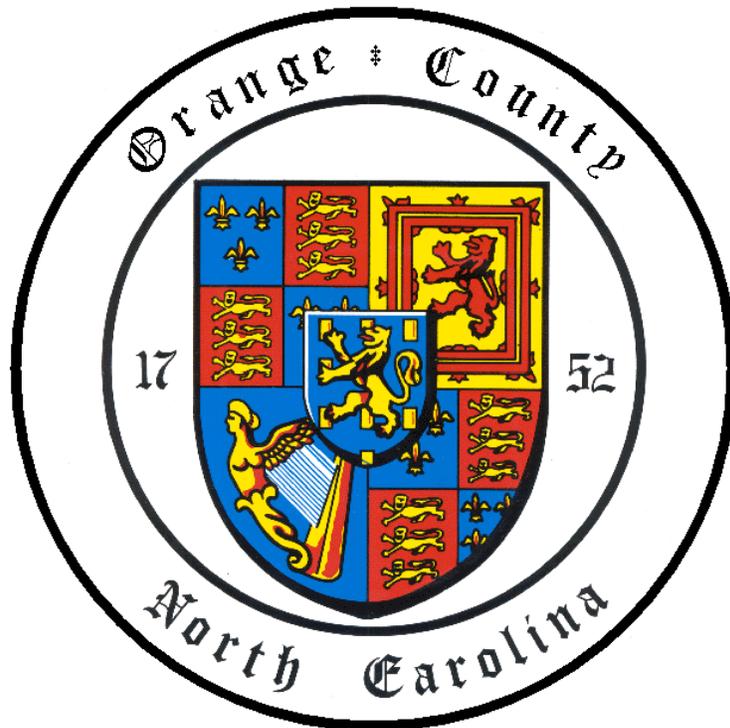
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## **Introductory Section**





## **ORANGE COUNTY**

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

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

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

December 4, 2013

The Board of County Commissioners,  
Michael Talbert, Interim 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, 2013.

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, P.A., a firm of licensed certified public accountants. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2013, 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 Auditor's 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 126,000 jobs in the last six years. Research Triangle park was named the #1 High-Tech Region by the Silicon Valley Leadership Group and the region was named the #1 Region for Biotechnology by the Milkmen Institute.

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

The County enjoys a consistently low unemployment rate. The unemployment rate estimated by the North Carolina Employment Security Commission for calendar year 2012 was 5.7% and for September 2013 was 6.2%, one of the lowest in the State. (State average was 8.7% for September and 9.5% for calendar year 2012.)

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 59,000 people were employed at the Park with an annual payroll of approximately \$14.5 billion with an average salary of \$78,000. Approximately 87% of the employees in the Park work for multinational corporations. Because of its close proximity to the County and the fact that many of the Parks' employees reside in the County, the impact of the Park on the County's economy is significant.

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

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

**Fiscal Outlook.** The adopted 2013-14 budget included General Fund appropriation of \$187.7 million, which is an increase of \$7.7 million from prior years' original budget, and a \$6.2 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 2013-14 General Fund Budget of \$187.7 million for education. Funding appropriated for education totaled \$91.2 in the fiscal year 2012-13 budget. The Board adopted and maintained a property tax rate of .858 cents per hundred for Fiscal Year 2013-14 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 \$16.3 billion with a tax rate of \$0.858 per \$100 of value year. The BOCC appropriated \$5.2 million from unassigned fund balance in the 2013-14 budget that will be used to assist in funding critical needs programs and address State budget cuts to education. The Board of County Commissioners remains committed to grow and stabilize the fund balance as the County continues to contend with the flat revenues, which continue to due to the slow economic recovery from the Great Recession of 2008. The Boards adoption of the same property tax reflects their continued desire to not increase the burden on the citizens during these difficult financial 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 has been used for school capital projects in both school districts, Orange County Schools and Chapel Hill – Carrboro City Schools, and to foster economic development in the business development zones of the County. The sales tax revenue is projected to be \$2.6 million for fiscal year 2013-14.

For capital improvements, the County will issued debt financing to fund the construction of a Science Wing for the Culbreth Middle School in the Chapel Hill Carrboro School District and fund an Auxiliary Gymnasium for Cedar Ridge High School in the Orange County School District along with various County capital projects equipment purchases in fiscal year. The County does not plan to have any major capital projects or debt issuances for fiscal year 2013-14.

**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 2013-14 budget has increased \$7.7 million, the Board of County Commissioners maintains their desire to have no tax increase in 2014-15. 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%. In fiscal year 2012, the Board achieved its goal of having an unassigned (available) fund balance of 17%.

## **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, 2012. This marks the fourteenth 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 2013 annual budget document. This is the 22nd 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 Division believes the fiscal year 2014 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,



Clarence G. Grier, CPA, CITP  
Financial Services Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Orange County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

## Board of County Commissioners



Barry Jacobs, Chair



Earl McKee, Vice-Chair



Mark Dorosin



Alice M. Gordon



Bernadette Pelissier



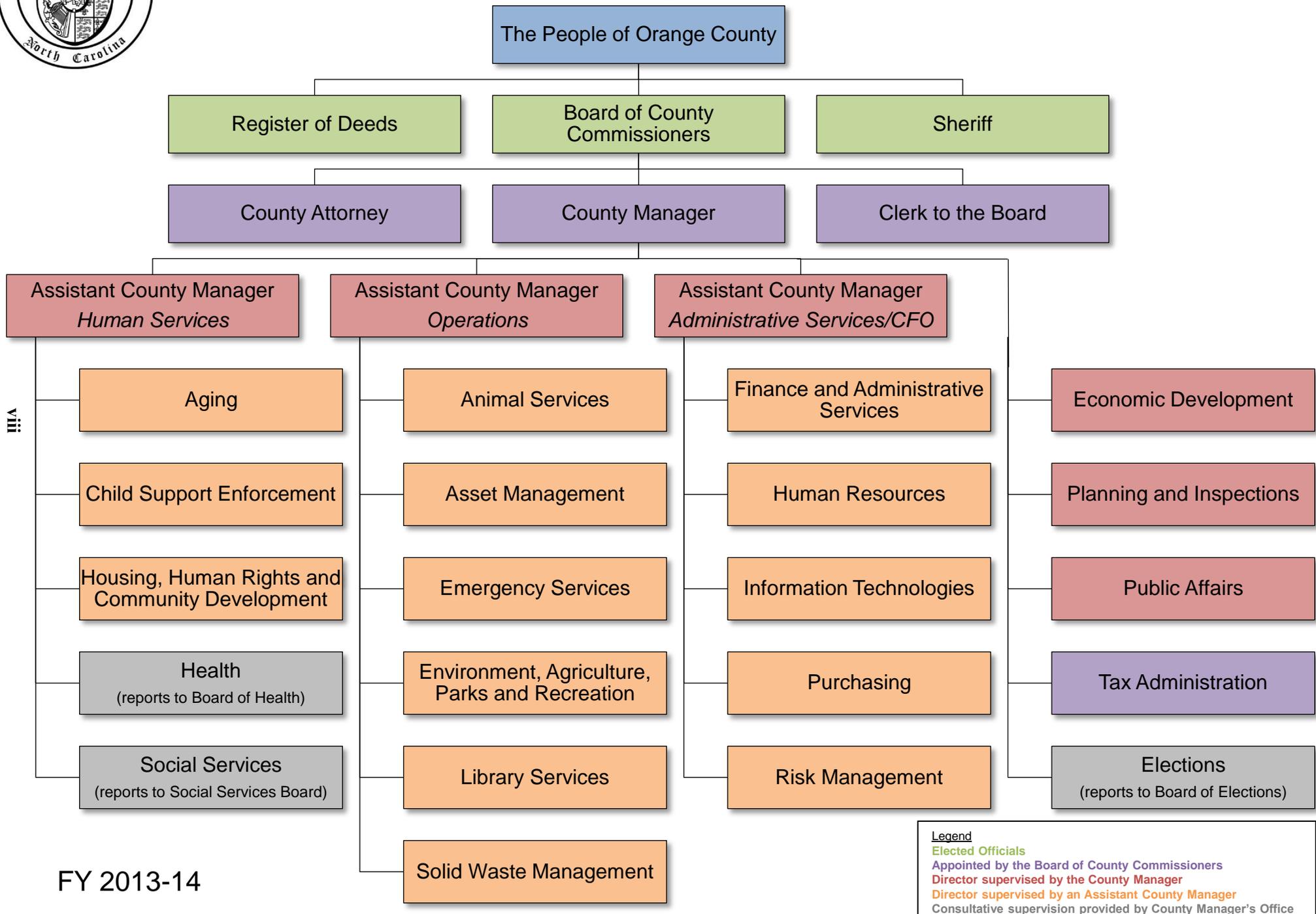
Renee Price



Penny Rich



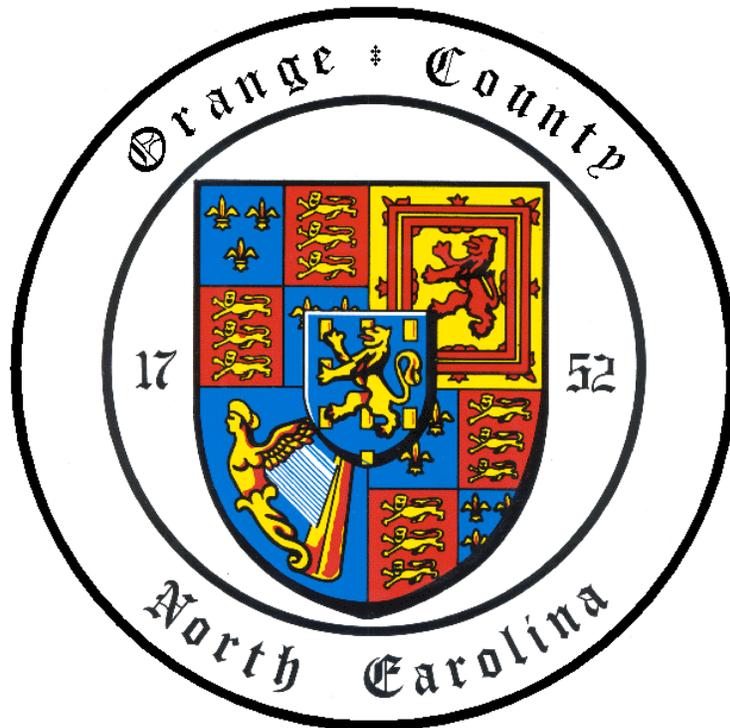
# Orange County Government



FY 2013-14

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

**Financial Section**



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

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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Orange County, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Orange County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Orange County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As discussed in Note 15 to the financial statements, in fiscal year 2013, the County adopted new accounting guidance, GASB No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Orange County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedule, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal 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 Single Audit Implementation Act*, and is not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, supplementary 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures;

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

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

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

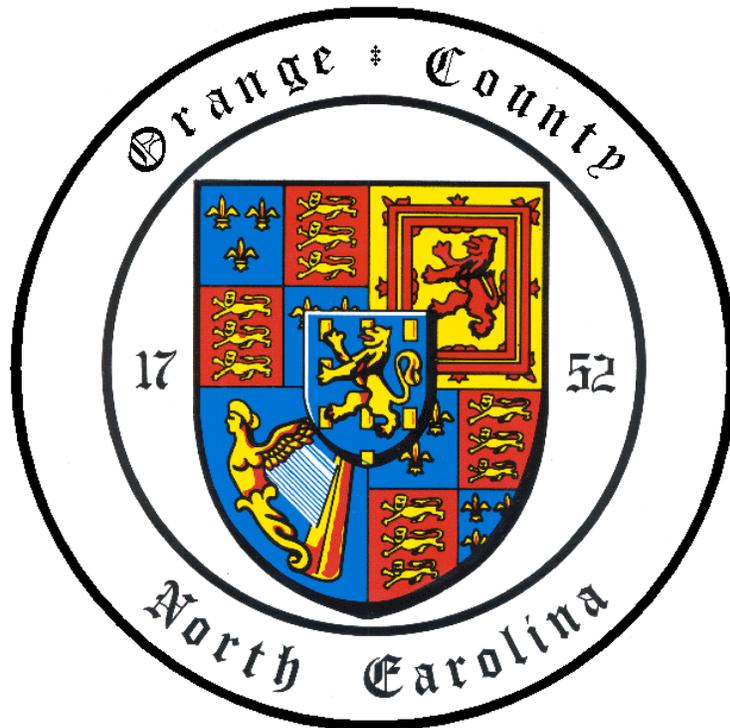
In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013 on our consideration of Orange County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Orange County's internal control over financial reporting and compliance.

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

Martin Starnes & Associates, CPAs, P.A.

Hickory, NC

December 4, 2013



# 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, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### **Financial Highlights**

The liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$44.6 million (net position). In accordance with North Carolina law, liabilities of the County include approximately \$121.4 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 position increased by \$6.55 million. This increase results from a reduction of County expenses to continue to deal with the results of, and the slow recovery from, the economic recession.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$78.8 million, an increase of \$9.7 million in comparison with the prior year. This results mainly from increased General Fund revenues and proceeds from debt financing and other sources of capital project financing totaling \$27 million in the current year. The ending fund balance of \$33 million, is available for spending at the government's discretion (unassigned fund balance). Of the total fund balance, approximately \$5.1 million has been assigned for subsequent year's expenditures for programs, grants and capital purposes.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$36.6 million, or 21.47 percent of total General Fund expenditures for the fiscal year.

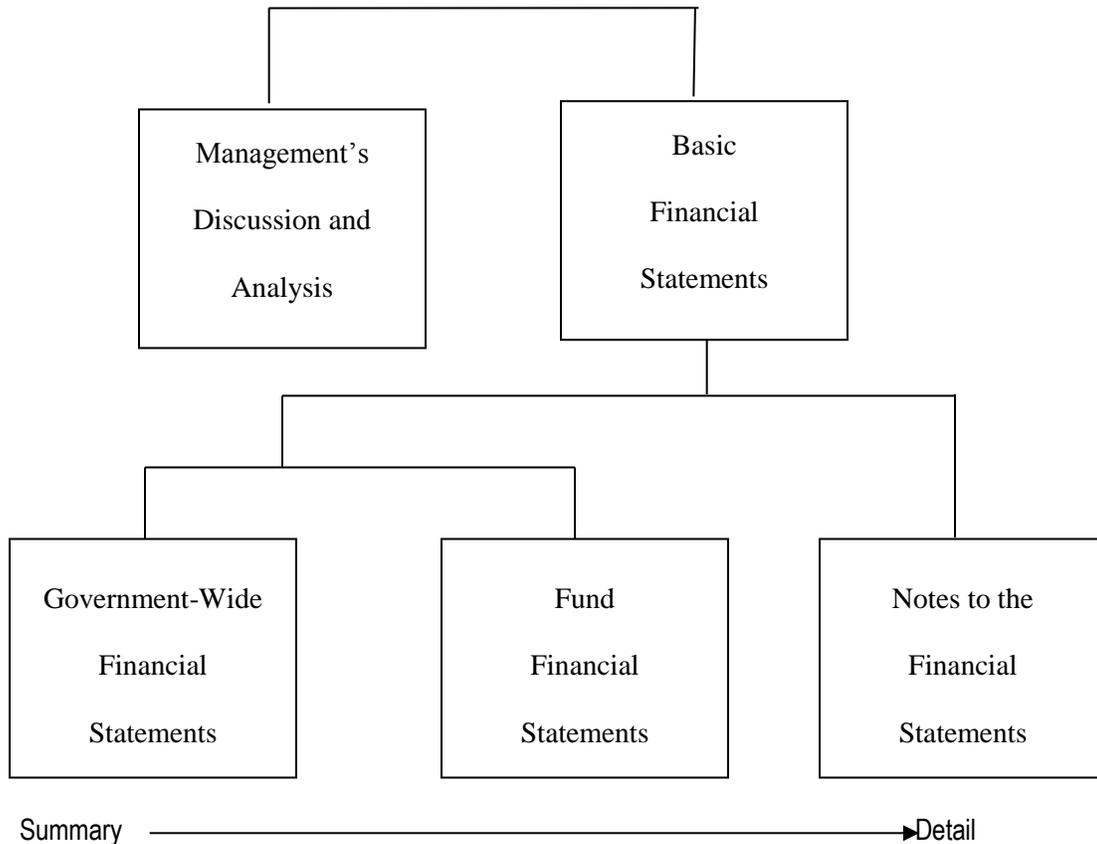
The County maintained its AAA (Fitch IBCA), Aa1 (Moody's Investor Services) and AAA (Standard & Poor's) bond ratings on general obligation bonds for the 16th consecutive year. The S&P rating was upgraded during from AA+.

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

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

Required Components of Annual Financial Report

Figure 1



**Basic Financial Statements**

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

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

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

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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 non-major governmental funds, proprietary and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

### Government-Wide Financial Statements

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

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

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

The government-wide financial statements are on pages 17 through 19 of this report.

### Fund Financial Statements

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

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

# 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 Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

**Proprietary Funds.** The County has three kinds of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its sewer activity, for its landfill operations, and SportsPlex operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses internal service funds to account for three activities - its employee dental insurance program, its vehicle replacement program, and the OPC Retiree Health Fund (which closed in fiscal year 2013). Because these operations benefit predominantly governmental rather than business-type activities, the Internal Service Funds have been included within the governmental activities in the government-wide financial statements.

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

**Notes to Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements are on pages 29-71 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 72 of this report.

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 92,456,131	\$ 100,616,263	\$ 19,790,248	\$ 19,328,000	\$ 112,246,379	\$ 119,944,263
Capital assets	105,800,149	105,709,128	16,792,846	15,187,153	122,592,995	120,896,281
Total assets	198,256,280	206,325,391	36,583,094	34,515,153	234,839,374	240,840,544
Deferred Outflows	1,191,851	871,523	-	-	1,191,851	871,523
Long-term liabilities outstanding	242,799,249	254,198,610	24,505,140	26,308,784	267,304,389	280,507,394
Other liabilities	11,824,622	10,047,227	1,176,467	1,047,781	13,001,089	11,095,008
Total liabilities	254,623,871	264,245,837	25,681,607	27,356,565	280,305,478	291,602,402
Deferred Inflows	315,512	379,620	-	-	315,512	379,620
Net position:						
Net investment in capital assets	19,154,413	35,398,235	7,038,493	4,404,980	26,192,906	39,803,215
Restricted	26,587,937	38,656,332	-	-	26,587,937	38,656,332
Unrestricted	(101,233,602)	(131,483,110)	3,862,994	2,753,608	(97,370,608)	(128,729,502)
Total net position	\$ (55,491,252)	\$ (57,428,543)	\$ 10,901,487	\$ 7,158,588	\$ (44,589,765)	\$ (50,269,955)

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources of the County exceeded assets and deferred outflows of resources by \$44.6 million as of June 30, 2013. Net Position is reported in three categories: Net investment in capital assets, of \$26.1 million, restricted net position of \$26.6 million, and unrestricted net deficit of \$97.4 million.

The net investment in capital assets category is defined as the County's net investment in County-owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and sewer lines). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. At June 30, 2013, the net investment in capital assets decreased by \$13.6 million.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2013, the total net deficit reported of \$44.6 million is attributable to the unrestricted net deficit balance of (\$97.4) million, which results from the debt financing related to school assets.

As with many counties in the State of North Carolina, the County's deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the two school systems located within the County. Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal obligation to provide the school systems capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the school systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$121.4 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

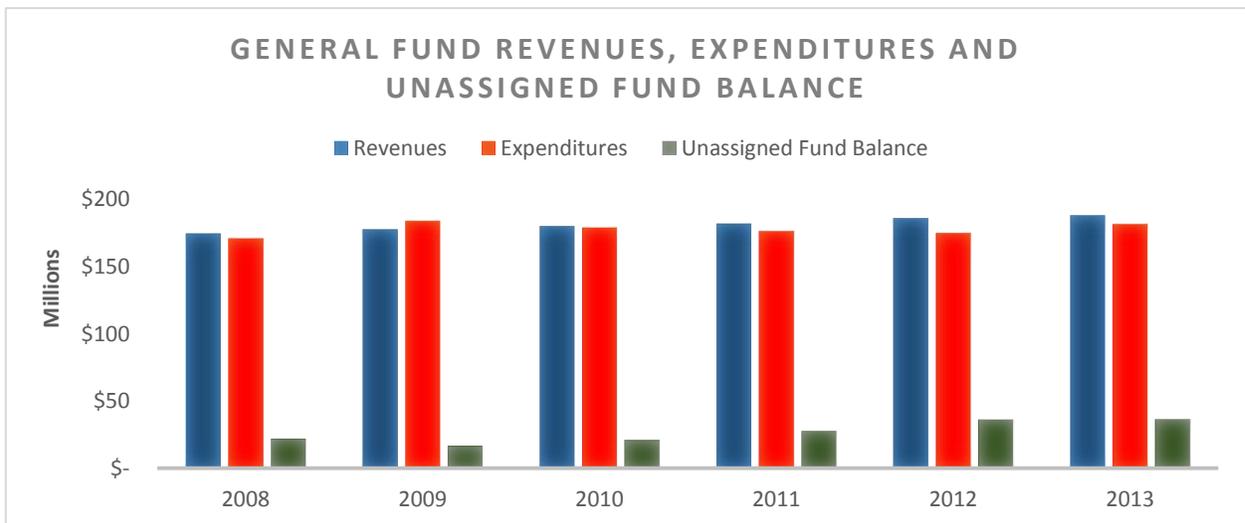
## Management’s Discussion and Analysis (Unaudited)

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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 position increased by \$6.55 million. This increase resulted from a combination of an increase in revenues in governmental activities and a decrease in expenses. This was in part offset by an increase in expenses in Business Activities. In addition, the following positive operational initiatives and results are noted:

- The County’s continued diligence in the collection of property taxes by maintaining a collection percentage of approximately 99%, higher than the State-wide average of 97%.
- Sales taxes exceeded budget by \$2.7 million due to the slow but steady recovery from the “Great Recession.”
- The County continued to lead the State in per pupil funding for education.
- The unassigned fund balance in the County's General Fund reflected an increase of \$1.5 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)

### Orange County Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 13,235,408	\$ 12,766,266	\$ 11,201,138	\$ 11,278,046	\$ 24,436,546	\$ 24,044,312
Operating grants and contributions	24,611,570	23,403,397	466,966	419,354	25,078,536	23,822,751
Capital grants and contributions	2,489,408	6,075,501	-	-	2,489,408	6,075,501
General revenues:						
Property taxes	142,951,109	141,596,821	-	-	142,951,109	141,596,821
Other taxes	20,198,745	17,233,583	-	-	20,198,745	17,233,583
Other	1,157,114	1,794,765	9,624	10,067	1,166,738	1,804,832
<b>Total revenues</b>	<b>204,643,354</b>	<b>202,870,333</b>	<b>11,677,728</b>	<b>11,707,467</b>	<b>216,321,082</b>	<b>214,577,800</b>
<b>Expenses:</b>						
General government	22,025,337	23,497,848	-	-	22,025,337	23,497,848
General services	6,980,383	7,222,770	-	-	6,980,383	7,222,770
Community and environment	9,821,519	9,786,774	-	-	9,821,519	9,786,774
Human services	35,126,478	33,431,309	-	-	35,126,478	33,431,309
Education	91,151,052	76,639,902	-	-	91,151,052	76,639,902
Public safety	24,569,638	23,717,846	-	-	24,569,638	23,717,846
Cultural and recreation	2,162,503	2,168,615	-	-	2,162,503	2,168,615
Interest on long-term debt	7,685,735	14,479,651	-	-	7,685,735	14,479,651
Landfill	-	-	6,892,530	10,552,420	6,892,530	10,552,420
Sewer	-	-	333,568	316,684	333,568	316,684
Sportsplex	-	-	3,020,626	2,909,120	3,020,626	2,909,120
<b>Total expenses</b>	<b>199,522,645</b>	<b>190,944,715</b>	<b>10,246,724</b>	<b>13,778,224</b>	<b>209,769,369</b>	<b>204,722,939</b>
Increase (decrease) in net position before transfers	5,120,709	11,925,618	1,431,004	(2,070,757)	6,551,713	9,854,861
Transfers	(2,311,895)	(2,355,631)	2,311,895	2,355,631	-	-
<b>Total transfers and contributions</b>	<b>(2,311,895)</b>	<b>(2,355,631)</b>	<b>2,311,895</b>	<b>2,355,631</b>	<b>-</b>	<b>-</b>
Increase in net position after transfers	2,808,814	9,569,987	3,742,899	284,874	6,551,713	9,854,861
Net position, beginning, previously reported, July 1, 2012	(57,428,543)	(66,998,530)	7,158,588	6,873,714	(50,269,955)	(60,124,816)
Restatement	(871,523)	-	-	-	(871,523)	-
<b>Net position, June 30, 2013</b>	<b>\$ (55,491,252)</b>	<b>\$ (57,428,543)</b>	<b>\$ 10,901,487</b>	<b>\$ 7,158,588</b>	<b>\$ (44,589,765)</b>	<b>\$ (50,269,955)</b>

**Governmental Activities.** Governmental activities increased the County's net assets by \$2.8 million. Key elements of this increase are as follows:

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

# 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 \$3.7 million. This increase came from increases in operating income in each of the three business activities combined with increases in operating transfers, and reduced expenses incurred as a result of preparing the Landfill for closure at the end of the fiscal year.

### **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 \$36.6 million, while total fund balance equaled \$54.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 20 percent of total General Fund expenditures and transfers out, while the total fund balance represents 30 percent of General Fund expenditures and transfers out. The increase in fund balance resulted from revenues exceeding expenditures and transfers by \$6.8 million.

General Fund revenue at \$186.5 million was higher than the final amended budget. Property tax revenue makes up 73% of General Fund budgeted revenue. The General Fund revenue was \$2.9 million more than budget. Property tax increased by \$1.3 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 exceed the budget by \$1.3 million. Intergovernmental revenue, the second largest revenue source for the General Fund, decreased marginally largely reflecting decreases in Federal and State grant revenue related to the continued budgetary issues at the Federal and State levels due to the slow recovery of the economy. Sales tax revenue, which is the third largest revenue source, increased by approximately \$941,000 from last year to \$18.5 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.

General Fund expenditures increased \$3.7 million from last year to \$170.5 million. Expenditures, without financing uses, were \$8.7 million, or 4.0% under budget, which is lower than last year which was 5.0% below budget. This can be attributed, in part, to management's continued directive to departments to reduce non-essential expenditures, an extended freeze on capital expenditures and continued delay in filling of vacant positions. This step assisted in the increase of unassigned fund balance of the General Fund. Increased spending for human services, education, and capital caused the increased in expenditures by 3% from the previous fiscal year.

## 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 \$470,983; the School Capital Improvement Fund reflected an decrease in fund balance of \$18.5 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 decrease was primarily the result expenditures in to construct Northside Elementary ("Elementary 11) school for the Chapel Hill – Carrboro City School District. Lottery proceeds of \$2.3 million were used to pay school related debt service in the General Fund during the fiscal year.

As of June 30, 2013, the nonmajor governmental funds of the County reported a combined fund balance of \$9.7 million, an increase of \$2.4 million from last year. This increase is attributable mainly to receipt sales tax revenues from the Article 46 ¼ cents sales tax, new grant funds and other sources in the various nonmajor governmental funds netted with reduced expenditures for older programs being closed during the fiscal year.

**Proprietary Funds.** As mentioned previously in Business-Type Activities, the net position in the enterprise funds increased by \$3.7 million. This increase came primarily from decreases in operating losses in each of the three business activities combined with increases in operating transfers and the fact that there was no capital contribution. Revenue decreased slightly in all proprietary funds, but these increases were offset by increased in all three enterprise funds. The most significant decrease in expenses relates to post-closure costs in the Solid Waste Enterprise Fund which decreased by \$2.6 million.

**General Fund Budgetary Highlights.** During the 2013 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 2013, the County's contribution to education funding, including operations, short and long-range capital needs and debt service obligations, totaled \$91.2 million, over 45 percent of the total governmental funds expenditures for the year.

# Orange County, North Carolina

## Management's Discussion and Analysis (Unaudited)

The County revised the budget on several occasions. Generally, budget amendments fall into one of four categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) carryover of funding for outstanding purchase orders at year-end related to significant commitments and projects; 3) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. In 2013, 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 \$10.9 million.

**Proprietary Funds.** The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position in the proprietary funds at the end of the fiscal year amounted to \$3,862,994. As previously indicated, the increase in net position for the proprietary funds was \$3.7 million. The primary factors affecting the decrease in these funds were addressed in the discussion of the County's business-type activities.

### Capital Asset and Debt Administration

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2013 totals \$122.6 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	
	2013	2012	2013	2012	2013	2012
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	630,815	648,826	5,580,451	5,598,462
Water resources - Lake Orange	481,624	481,624	-	-	481,624	481,624
Buildings	64,999,915	65,627,617	8,542,899	8,737,679	73,542,814	74,365,296
Leasehold improvements	2,814,613	2,985,196	-	-	2,814,613	2,985,196
Sewer lines	-	-	2,454,119	2,541,252	2,454,119	2,541,252
Automotive equipment	1,634,248	1,860,522	1,548,144	992,662	3,182,392	2,853,184
Office and other equipment	1,553,385	1,731,755	-	-	1,553,385	1,731,755
Construction in progress	16,358,712	15,064,762	1,709,260	359,125	18,067,972	15,423,887
Total	\$ 105,800,149	\$ 105,709,128	\$ 16,792,846	\$ 15,187,153	\$ 122,592,995	\$ 120,896,281

Major capital asset transactions during the year include:

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

## Orange County, North Carolina

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

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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, 2013, the County had total bonded debt outstanding of \$86.2 million, all of which is debt backed by the full faith and credit of the County. In addition, the County has several capital leases related to equipment financings outstanding of \$2.1 million and several installment notes with a total outstanding balance of \$117.2 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 86,205,000	\$ 95,520,000	\$ -	\$ -	\$ 86,205,000	\$ 95,520,000
Installment notes payable	107,796,269	114,393,535	9,429,225	10,175,318	117,225,494	124,568,853
Obligations under capital leases	1,746,233	2,486,176	325,128	606,855	2,071,361	3,093,031
Revolving loan payable	2,099,099	-	-	-	2,099,099	-
Bond issuance items, net	16,583,769	14,651,812	-	-	16,583,769	14,651,812
Accrued compensated absences	4,928,399	5,097,695	306,274	363,108	5,234,673	5,460,803
Separation allowance	578,122	533,395	-	-	578,122	533,395
Post-closure liability	-	-	12,959,312	13,741,104	12,959,312	13,741,104
OPEB liability	22,862,358	21,895,617	1,485,201	1,422,399	24,347,559	23,318,016
Total	\$ 242,799,249	\$ 254,578,230	\$ 24,505,140	\$ 26,308,784	\$ 267,304,389	\$ 280,887,014

The County's total long-term debt and obligations decreased by \$13.6 million, or 4.8% during the past fiscal year. The decrease is mainly due to net of proceeds received for refunding and revolving loan financings issued during the year of \$15.4 million, increases in OPEB liability of \$1 million, and decreases in the post-closure liability for the landfill of approximately \$782,000, net of principal payments for the outstanding debt obligations totaling \$42.9 million.

The County's most recent bond ratings, received in connection with the general obligation refunding bonds issued in December 2013, are shown below:

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

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is approximately \$1 billion. The County has \$231.5 million total net debt applicable to the limit. The County has \$23,900,000 in bonds authorized, but unissued, at June 30, 2013.

# 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 2013 was 6.2%, one of the lowest in the State.

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

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

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

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

The Research Triangle Park (the "Park"), located 10 miles east of the County, contains 7,000 acres of land which has been reserved for research and research-oriented manufacturing. Since its inception in the 1950's, more than 170 private and governmental organizations have located facilities in the Park. According to the Research Triangle Foundation, the Park represents a capital investment exceeding \$4.0 billion. As of July 2012, approximately 59,000 people were employed at the Park with an annual payroll of approximately \$14.5 billion with an average salary of \$78,000. Approximately 87% of the employees in the Park work for multinational corporations. Because of its close proximity to the County and the fact that many of the Parks' employees reside in the County, the impact of the Park on the County's economy is significant.

### **Budget Highlights for the Fiscal Year Ended June 30, 2014**

**Governmental Activities.** The County has approved a \$187.7 million General Fund budget for fiscal year 2014, which represents a \$7.7 million, or 4.3% increase from fiscal year 2013. This budget was balanced by not increasing the property tax rate for the upcoming fiscal year. This was the fifth time in twenty years property taxes were not increased. The budgeted per pupil allocation for education was increased to \$3,269, which represents a \$102.00 per pupil increase from the previous year allocation of \$3,167.

## **Orange County, North Carolina**

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

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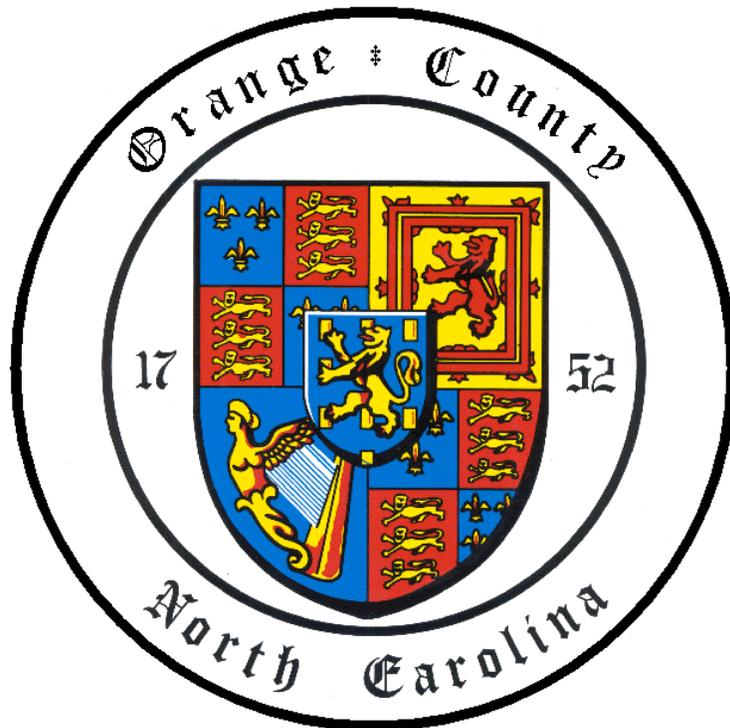
Additionally the residents of Orange County in November of 2011 approved the Article 46 ¼ cents sales tax that will be used for school capital projects in both school districts, Orange County Schools and Chapel Hill – Carrboro City Schools, and to foster economic development in the business development zones of the County. The sales tax revenue is projected to be \$2.5 million for fiscal year 2013-14.

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.

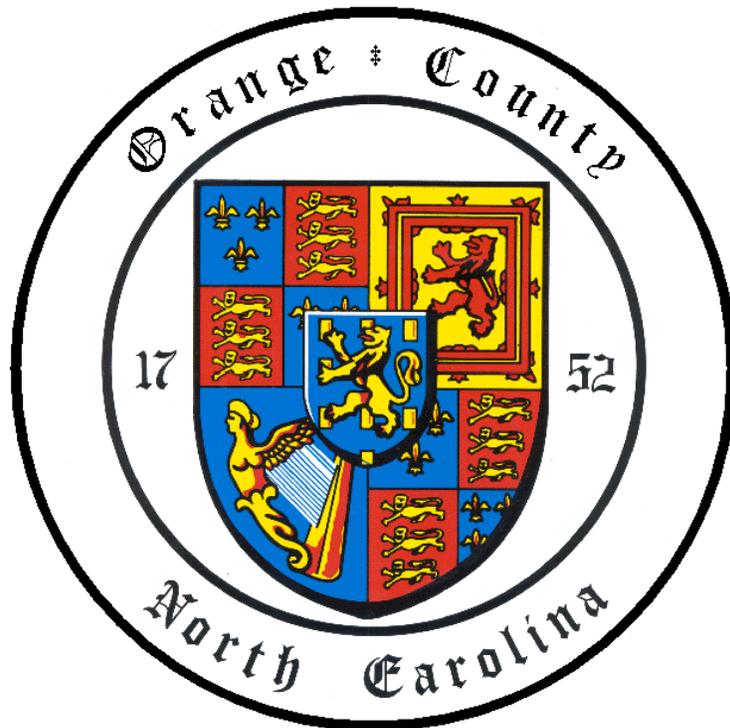
#### **Requests for Information**

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

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



## **Basic Financial Statements**



## ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2013

	Primary Government			Component Unit	Reporting Unit
	Governmental Activities	Business-Type Activities	Total	Orange County ABC Board	Total
<b>Assets:</b>					
Cash and investments	\$ 57,154,286	\$ 19,627,293	\$ 76,781,579	\$ 2,095,319	\$ 78,876,898
Receivables, property taxes, net	3,314,100	-	3,314,100	-	3,314,100
Receivables, federal intergovernmental	770,372	-	770,372	-	770,372
Receivables, State intergovernmental	9,719,830	61,259	9,781,089	-	9,781,089
Receivables, other	2,700,619	298,944	2,999,563	3,629	3,003,192
Inventories	23,008	-	23,008	1,469,148	1,492,156
Internal balances	202,983	(202,983)	-	-	-
Prepaid expenses	16,946	5,735	22,681	110,784	133,465
Restricted assets:					
Cash and investments	18,553,987	-	18,553,987	-	18,553,987
Security deposits	-	-	-	13,341	13,341
Capital assets:					
Non-depreciable	34,797,988	3,616,869	38,414,857	1,658,329	40,073,186
Depreciable, net	71,002,161	13,175,977	84,178,138	1,454,498	85,632,636
Total assets	198,256,280	36,583,094	234,839,374	6,805,048	241,644,422
<b>Deferred Outflows of Resources:</b>					
Unamortized bond refunding charges	1,191,851	-	1,191,851	-	1,191,851
Total deferred outflows of resources	1,191,851	-	1,191,851	-	1,191,851
<b>Liabilities:</b>					
Accounts payable	5,663,395	698,179	6,361,574	486,077	6,847,651
Payroll withholdings	2,689,356	202,787	2,892,143	-	2,892,143
Accrued liabilities	2,966,651	111,610	3,078,261	423,846	3,502,107
Arbitrage payable	39,376	-	39,376	-	39,376
Advances from grantors	14,725	-	14,725	-	14,725
Prepaid fees	451,119	163,891	615,010	-	615,010
Long-term liabilities:					
Due within one year	20,034,422	1,114,841	21,149,263	-	21,149,263
Due in more than one year	222,764,827	23,390,299	246,155,126	519,834	246,674,960
Total liabilities	254,623,871	25,681,607	280,305,478	1,429,757	281,735,235
<b>Deferred Inflows of Resources:</b>					
Prepaid taxes	315,512	-	315,512	-	315,512
Total deferred inflows of resources	315,512	-	315,512	-	315,512
<b>Net Position:</b>					
Net investment in capital assets	19,154,413	7,038,493	26,192,906	2,592,993	28,785,899
Restricted for:					
Working capital	-	-	-	471,609	471,609
Stabilization by State statute	14,036,419	-	14,036,419	-	14,036,419
Education	10,249,519	-	10,249,519	-	-
Public safety	1,249,102	-	1,249,102	-	-
Community and environment	1,052,897	-	1,052,897	-	-
Unrestricted	(101,233,602)	3,862,994	(97,370,608)	2,310,689	(95,059,919)
Total net position	\$ (55,491,252)	\$ 10,901,487	\$ (44,589,765)	\$ 5,375,291	\$ (39,214,474)

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

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Governing and management	\$ 22,025,337	\$ 2,142,761	\$ 845,595	\$ -
General services	6,980,383	3,275,297	404,616	2,176,106
Community and environment	9,821,519	233,415	4,701,099	-
Human services	35,126,478	1,639,654	16,641,460	182,254
Education	91,151,052	-	1,427,863	131,048
Public safety	24,569,638	5,603,050	583,437	-
Cultural and recreational	2,162,503	341,231	7,500	-
Interest on long-term debt	7,685,735	-	-	-
Total governmental activities	<u>199,522,645</u>	<u>13,235,408</u>	<u>24,611,570</u>	<u>2,489,408</u>
<b>Business-Type Activities:</b>				
Landfill	6,892,530	8,126,576	466,966	-
Sewer	333,568	148,934	-	-
SportsPlex	3,020,626	2,925,628	-	-
Total business-type activities	<u>10,246,724</u>	<u>11,201,138</u>	<u>466,966</u>	<u>-</u>
Total primary government	<u>\$ 209,769,369</u>	<u>\$ 24,436,546</u>	<u>\$ 25,078,536</u>	<u>\$ 2,489,408</u>
<b>Component Unit:</b>				
ABC Board	<u>\$ 15,553,140</u>	<u>\$ 16,109,071</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 position

**Net Position:**

Beginning of year - July 1  
Restatement  
Beginning of the year, as restated

End of year - June 30

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

**Exhibit B**

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

<b>Primary Government</b>			<b>Component Unit</b>	<b>Reporting Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Orange County ABC Board</b>	<b>Total</b>
\$ (19,036,981)	\$ -	\$ (19,036,981)	\$ -	\$ (19,036,981)
(1,124,364)	-	(1,124,364)	-	(1,124,364)
(4,887,005)	-	(4,887,005)	-	(4,887,005)
(16,663,110)	-	(16,663,110)	-	(16,663,110)
(89,592,141)	-	(89,592,141)	-	(89,592,141)
(18,383,151)	-	(18,383,151)	-	(18,383,151)
(1,813,772)	-	(1,813,772)	-	(1,813,772)
(7,685,735)	-	(7,685,735)	-	(7,685,735)
<u>(159,186,259)</u>	<u>-</u>	<u>(159,186,259)</u>	<u>-</u>	<u>(159,186,259)</u>
-	1,701,012	1,701,012	-	1,701,012
-	(184,634)	(184,634)	-	(184,634)
-	(94,998)	(94,998)	-	(94,998)
<u>-</u>	<u>1,421,380</u>	<u>1,421,380</u>	<u>-</u>	<u>1,421,380</u>
<u>(159,186,259)</u>	<u>1,421,380</u>	<u>(157,764,879)</u>	<u>-</u>	<u>(157,764,879)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>555,931</u>	<u>555,931</u>
142,951,109	-	142,951,109	-	142,951,109
20,198,745	-	20,198,745	-	20,198,745
1,049,597	-	1,049,597	-	1,049,597
<u>107,517</u>	<u>9,624</u>	<u>117,141</u>	<u>3,573</u>	<u>120,714</u>
164,306,968	9,624	164,316,592	3,573	164,320,165
<u>(2,311,895)</u>	<u>2,311,895</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>161,995,073</u>	<u>2,321,519</u>	<u>164,316,592</u>	<u>3,573</u>	<u>164,320,165</u>
<u>2,808,814</u>	<u>3,742,899</u>	<u>6,551,713</u>	<u>559,504</u>	<u>7,111,217</u>
(57,428,543)	7,158,588	(50,269,955)	4,815,787	(45,454,168)
<u>(871,523)</u>	<u>-</u>	<u>(871,523)</u>	<u>-</u>	<u>(871,523)</u>
<u>(58,300,066)</u>	<u>7,158,588</u>	<u>(51,141,478)</u>	<u>4,815,787</u>	<u>(46,325,691)</u>
<u>\$ (55,491,252)</u>	<u>\$ 10,901,487</u>	<u>\$ (44,589,765)</u>	<u>\$ 5,375,291</u>	<u>\$ (39,214,474)</u>

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

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	County Capital Improvements	School Capital Improvements	Other Governmental Funds	
<b>Assets:</b>					
Cash and investments	\$ 48,058,440	\$ -	\$ 722,724	\$ 8,095,315	\$ 56,876,479
Accounts receivable, property taxes, net	3,146,571	-	-	167,529	3,314,100
Accounts receivable, federal	770,372	-	-	-	770,372
Accounts receivable, State	7,439,346	1,382,176	-	898,308	9,719,830
Accounts receivable, other	325,597	-	19,500	2,355,522	2,700,619
Inventories	23,008	-	-	-	23,008
Due from other funds	557,991	671,450	-	-	1,229,441
Prepays	16,946	-	-	-	16,946
Restricted cash and investments	3,117,140	5,187,328	10,249,519	-	18,553,987
<b>Total assets</b>	<b>\$ 63,455,411</b>	<b>\$ 7,240,954</b>	<b>\$ 10,991,743</b>	<b>\$ 11,516,674</b>	<b>\$ 93,204,782</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance:</b>					
Liabilities:					
Accounts payable	\$ 1,662,071	\$ 181,220	\$ 3,601,664	\$ 182,031	\$ 5,626,986
Accrued payroll and withholdings	2,689,356	-	-	-	2,689,356
Accrued liabilities	512,654	-	-	-	512,654
Due to other funds	-	-	-	421,991	421,991
Advances from grantors	-	-	-	14,725	14,725
Prepaid fees	449,640	-	-	1,479	451,119
Arbitrage payable	-	14,637	24,739	-	39,376
<b>Total liabilities</b>	<b>5,313,721</b>	<b>195,857</b>	<b>3,626,403</b>	<b>620,226</b>	<b>9,756,207</b>
<b>Deferred Inflows of Resources:</b>					
Note receivable	-	-	-	1,000,000	1,000,000
Unavailable grant revenue	-	-	-	26,751	26,751
Property taxes receivable	3,146,571	-	-	167,529	3,314,100
Prepaid taxes	315,512	-	-	-	315,512
<b>Total Deferred inflows of resources</b>	<b>3,462,083</b>	<b>-</b>	<b>-</b>	<b>1,194,280</b>	<b>4,656,363</b>
<b>Fund Balances:</b>					
Non-spendable:					
Prepaid items	16,946	-	-	-	16,946
Inventories	23,008	-	-	-	23,008
Restricted for:					
Stabilization for State statute	9,736,214	2,053,626	19,500	2,227,079	14,036,419
Restricted, all other	-	5,187,328	10,249,519	2,301,999	17,738,846
Committed	3,105,267	-	-	887,538	3,992,805
Assigned	5,190,118	-	-	4,757,926	9,948,044
Unassigned	36,608,054	(195,857)	(2,903,679)	(472,374)	33,036,144
<b>Total fund balances</b>	<b>54,679,607</b>	<b>7,045,097</b>	<b>7,365,340</b>	<b>9,702,168</b>	<b>78,792,212</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 63,455,411</b>	<b>\$ 7,240,954</b>	<b>\$ 10,991,743</b>	<b>\$ 11,516,674</b>	<b>\$ 93,204,782</b>

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

**ORANGE COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<b>Total Governmental Funds</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Ending fund balance - governmental funds	\$ 78,792,212
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	105,800,149
Deferred inflows of resources for taxes and special assessments and other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	4,340,851
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.	(2,453,997)
Charges related to advance refunding bond issue	1,191,851
Internal service funds are used by management to charge the costs of dental insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	(363,069)
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>(242,799,249)</u>
Net position of governmental activities	<u>\$ (55,491,252)</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, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	County Capital Improvements	School Capital Improvements	Other Governmental Funds	
<b>Revenues:</b>					
Property taxes	\$ 137,809,331	\$ -	\$ -	\$ 4,780,355	\$ 142,589,686
Sales tax	18,503,027	-	12,597	2,732,718	21,248,342
Intergovernmental revenues	19,329,447	1,559,602	-	5,506,017	26,395,066
Charges for services	9,688,138	-	-	629,284	10,317,422
Investment earnings	30,989	6,552	64,779	5,110	107,430
Licenses and permits	322,477	-	-	-	322,477
Impact fees	-	-	-	2,021,204	2,021,204
Asset management	-	-	-	20,955	20,955
Miscellaneous	819,043	131,048	-	271,556	1,221,647
Total revenues	<u>186,502,452</u>	<u>1,697,202</u>	<u>77,376</u>	<u>15,967,199</u>	<u>204,244,229</u>
<b>Expenditures:</b>					
Current:					
Governing and management	12,280,547	-	-	-	12,280,547
General services	5,886,907	-	-	1,154,098	7,041,005
Community and environment	5,733,055	-	-	6,082,092	11,815,147
Human services	34,427,142	-	-	261,927	34,689,069
Education	66,947,350	-	-	541,241	67,488,591
Public safety	18,975,575	-	-	4,328,546	23,304,121
Culture and recreation	2,167,876	-	-	-	2,167,876
Capital outlay	-	7,443,113	23,662,461	-	31,105,574
Debt service:					
Principal	16,267,209	-	-	-	16,267,209
Interest and fees	7,811,057	948,611	-	-	8,759,668
Total expenditures	<u>170,496,718</u>	<u>8,391,724</u>	<u>23,662,461</u>	<u>12,367,904</u>	<u>214,918,807</u>
Revenues over (under) expenditures	<u>16,005,734</u>	<u>(6,694,522)</u>	<u>(23,585,085)</u>	<u>3,599,295</u>	<u>(10,674,578)</u>
<b>Other Financing Sources (Uses):</b>					
Bond premium	-	1,680,206	-	-	1,680,206
Refunding bonds	-	13,300,000	-	-	13,300,000
Installment loan issuances	-	2,099,099	-	-	2,099,099
Payment to escrow agent	-	(13,685,000)	-	-	(13,685,000)
Transfers in	1,887,700	2,984,978	5,120,984	1,271,980	11,265,642
Transfers out	(11,073,333)	(155,744)	-	(2,456,504)	(13,685,581)
Total other financing sources (uses)	<u>(9,185,633)</u>	<u>6,223,539</u>	<u>5,120,984</u>	<u>(1,184,524)</u>	<u>974,366</u>
Net change in fund balances	6,820,101	(470,983)	(18,464,101)	2,414,771	(9,700,212)
<b>Fund Balances:</b>					
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 54,679,607</u>	<u>\$ 7,045,097</u>	<u>\$ 7,365,340</u>	<u>\$ 9,702,168</u>	<u>\$ 78,792,212</u>

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, 2013**

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) \$ (9,700,212)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The components of the change are as follows:

Capital outlay	4,055,833
Depreciation expense	(4,467,935)

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

Change in deferred inflows of resources	361,423
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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. (4,367,164)

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. 133,832

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. (15,399,099)

Payment to escrow agent	13,685,000
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Amortization expense and premium	3,627,058
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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. 16,267,209

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. (842,172)

The internal service funds are used by management to charge the costs of dental insurance and OPC retiree health insurance.	(544,959)
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Change in net position of governmental activities	\$ 2,808,814
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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, 2013**

	<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	\$ 136,514,593	\$ 136,514,593	\$ 137,809,331	\$ 1,294,738
Sales tax	15,742,304	15,742,304	18,503,027	2,760,723
Intergovernmental revenues	14,163,410	20,792,064	19,329,447	(1,462,617)
Charges for services	9,165,757	9,272,951	9,688,138	415,187
Investment earnings	105,000	105,000	30,926	(74,074)
Licenses and permits	313,000	313,000	322,477	9,477
Miscellaneous	770,840	840,188	819,043	(21,145)
Total revenues	<u>176,774,904</u>	<u>183,580,100</u>	<u>186,502,389</u>	<u>2,922,289</u>
<b>Expenditures:</b>				
Governing and management	15,339,123	14,525,132	12,280,547	(2,244,585)
General services	6,117,891	6,466,078	5,886,907	(579,171)
Community and environment	5,977,595	6,231,741	5,566,390	(665,351)
Human services	30,709,556	36,723,780	34,427,142	(2,296,638)
Education	66,947,350	66,947,350	66,947,350	-
Public safety	20,123,532	20,981,621	18,975,575	(2,006,046)
Cultural and recreational	2,207,297	2,274,378	2,167,876	(106,502)
Debt service:				
Principal	16,215,251	16,215,251	16,267,209	51,958
Interest and fees	8,672,628	8,672,628	7,811,057	(861,571)
Total expenditures	<u>172,310,223</u>	<u>179,037,959</u>	<u>170,330,053</u>	<u>(8,707,906)</u>
Revenues over (under) expenditures	<u>4,464,681</u>	<u>4,542,141</u>	<u>16,172,336</u>	<u>11,630,195</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,040,000	1,087,700	1,887,700	800,000
Transfers out	(7,692,553)	(11,861,529)	(11,198,333)	663,196
Appropriated fund balance	2,187,872	6,231,688	-	(6,231,688)
Total other financing sources (uses)	<u>(4,464,681)</u>	<u>(4,542,141)</u>	<u>(9,310,633)</u>	<u>(4,768,492)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	6,861,703	<u>\$ 6,861,703</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>47,713,587</u>	
End of year - June 30			<u>\$ 54,575,290</u>	

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

## ORANGE COUNTY, NORTH CAROLINA

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>Major</u>		<u>Nonmajor</u>	<u>Total</u>	<u>Internal Service Funds</u>	
	<u>Solid Waste Fund</u>	<u>SportsPlex Fund</u>	<u>Efland Sewer Fund</u>		<u>Enterprise Funds</u>	<u>Dental Insurance Fund</u>
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 18,224,322	\$ 1,215,162	\$ 187,809	\$ 19,627,293	\$ 169,761	\$ 108,046
Accounts receivable, state	61,259	-	-	61,259	-	-
Accounts receivable, other	173,473	125,471	-	298,944	-	-
Prepaid expenses	-	5,735	-	5,735	-	-
Total current assets	<u>18,459,054</u>	<u>1,346,368</u>	<u>187,809</u>	<u>19,993,231</u>	<u>169,761</u>	<u>108,046</u>
Non-current assets:						
Non-depreciable assets	2,764,971	794,781	57,117	3,616,869	-	-
Capital assets, net of depreciation	<u>5,006,720</u>	<u>5,715,138</u>	<u>2,454,119</u>	<u>13,175,977</u>	-	<u>503,124</u>
Total non-current assets	<u>7,771,691</u>	<u>6,509,919</u>	<u>2,511,236</u>	<u>16,792,846</u>	-	<u>503,124</u>
Total assets	<u>26,230,745</u>	<u>7,856,287</u>	<u>2,699,045</u>	<u>36,786,077</u>	<u>169,761</u>	<u>611,170</u>
<b>Liabilities and Net Position:</b>						
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable	366,294	275,549	56,336	698,179	29,706	6,703
Payroll withholdings	182,188	20,599	-	202,787	-	-
Accrued liabilities	25,187	-	-	25,187	-	-
Accrued interest	51,968	34,455	-	86,423	-	-
Due to other funds	-	-	202,983	202,983	-	604,467
Prepaid fees	-	163,891	-	163,891	-	-
Current portion of long-term debt	558,395	372,682	-	931,077	-	-
Compensated absences, current portion	183,764	-	-	183,764	-	-
Total current liabilities	<u>1,367,796</u>	<u>867,176</u>	<u>259,319</u>	<u>2,494,291</u>	<u>29,706</u>	<u>611,170</u>
Non-current liabilities:						
Compensated absences	122,510	-	-	122,510	-	-
Post-closing liability	12,959,312	-	-	12,959,312	-	-
OPEB liability	1,485,201	-	-	1,485,201	-	-
Long-term debt	<u>4,294,777</u>	<u>4,528,499</u>	-	<u>8,823,276</u>	-	-
Total non-current liabilities	<u>18,861,800</u>	<u>4,528,499</u>	-	<u>23,390,299</u>	-	-
Total liabilities	<u>20,229,596</u>	<u>5,395,675</u>	<u>259,319</u>	<u>25,884,590</u>	<u>29,706</u>	<u>611,170</u>
<b>Net Position:</b>						
Net investment in capital assets	2,918,519	1,608,738	2,511,236	7,038,493	-	503,124
Unrestricted	<u>3,082,630</u>	<u>851,874</u>	<u>(71,510)</u>	<u>3,862,994</u>	<u>140,055</u>	<u>(503,124)</u>
Total net position	<u>\$ 6,001,149</u>	<u>\$ 2,460,612</u>	<u>\$ 2,439,726</u>	<u>\$ 10,901,487</u>	<u>\$ 140,055</u>	<u>\$ -</u>

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

## ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Major		Nonmajor	Total Enterprise Funds	Internal Service Funds		
	Solid Waste Fund	SportsPlex Fund	Efland Sewer Fund		Dental Insurance Fund	Vehicle Replacement Fund	OPC Retiree Health Fund
<b>Operating Revenues:</b>							
Landfill fees	\$ 8,116,070	\$ -	\$ -	\$ 8,116,070	\$ -	\$ -	\$ -
Service fees	-	2,925,628	148,934	3,074,562	-	-	-
Other	10,506	-	-	10,506	-	15,567	-
Employee contributions	-	-	-	-	440,951	-	-
Total operating revenues	<u>8,126,576</u>	<u>2,925,628</u>	<u>148,934</u>	<u>11,201,138</u>	<u>440,951</u>	<u>15,567</u>	<u>-</u>
<b>Operating Expenses:</b>							
Landfill	5,180,739	-	-	5,180,739	-	-	-
General and administrative	1,650,803	2,593,826	224,445	4,469,074	28,014	30,664	-
Repairs and maintenance	-	-	21,990	21,990	-	-	-
Depreciation	653,716	257,170	87,133	998,019	-	92,947	-
Post-closing cost	(781,792)	-	-	(781,792)	-	-	-
Claims expense	-	-	-	-	447,977	-	-
Total operating expenses	<u>6,703,466</u>	<u>2,850,996</u>	<u>333,568</u>	<u>9,888,030</u>	<u>475,991</u>	<u>123,611</u>	<u>-</u>
Operating income (loss)	<u>1,423,110</u>	<u>74,632</u>	<u>(184,634)</u>	<u>1,313,108</u>	<u>(35,040)</u>	<u>(108,044)</u>	<u>-</u>
<b>Non-Operating Revenues (Expenses):</b>							
Investment earnings	9,535	-	89	9,624	87	-	-
Interest and fees	(189,064)	(169,630)	-	(358,694)	-	-	-
Contribution to other agency	-	-	-	-	-	-	(510,006)
Grant - State	466,966	-	-	466,966	-	-	-
Total non-operating revenues (expenses)	<u>287,437</u>	<u>(169,630)</u>	<u>89</u>	<u>117,896</u>	<u>87</u>	<u>-</u>	<u>(510,006)</u>
Income (loss) before contributions and transfers	1,710,547	(94,998)	(184,545)	1,431,004	(34,953)	(108,044)	(510,006)
Transfers in	<u>1,594,226</u>	<u>618,619</u>	<u>99,050</u>	<u>2,311,895</u>	<u>-</u>	<u>108,044</u>	<u>-</u>
Change in net position	3,304,773	523,621	(85,495)	3,742,899	(34,953)	-	(510,006)
<b>Net Position:</b>							
Beginning of year - July 1	<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>-</u>	<u>510,006</u>
End of year - June 30	<u>\$ 6,001,149</u>	<u>\$ 2,460,612</u>	<u>\$ 2,439,726</u>	<u>\$ 10,901,487</u>	<u>\$ 140,055</u>	<u>\$ -</u>	<u>\$ -</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, 2013

	Major		Nonmajor	Total Enterprise Funds	Internal Service Funds		
	Solid Waste Fund	SportsPlex Fund	Efland Sewer Fund		Dental Insurance Fund	Vehicle Replacement Fund	OPC Retiree Health Fund
<b>Cash Flows from Operating Activities:</b>							
Cash received from customers	\$ 8,170,503	\$ 2,865,045	\$ -	\$ 11,035,548	\$ -	\$ 15,567	\$ -
Cash received from assessments	-	-	148,934	148,934	-	-	-
Cash received from employee contributions	-	-	-	-	440,951	-	-
Cash paid to employees	(947,800)	(1,107,494)	-	(2,055,294)	-	-	-
Cash paid for goods and services	(5,979,034)	(1,242,776)	(223,465)	(7,445,275)	(28,014)	580,506	-
Cash paid for claims	-	-	-	-	(445,042)	-	-
Net cash provided (used) by operating activities	<u>1,243,669</u>	<u>514,775</u>	<u>(74,531)</u>	<u>1,683,913</u>	<u>(32,105)</u>	<u>596,073</u>	<u>-</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>							
Transfers in	1,594,226	618,619	99,050	2,311,895	-	108,044	-
Contribution to other agency	-	-	-	-	-	-	(510,006)
Non-capital grants	466,966	-	-	466,966	-	-	-
Net cash provided (used) by non-capital financing activities	<u>2,061,192</u>	<u>618,619</u>	<u>99,050</u>	<u>2,778,861</u>	<u>-</u>	<u>108,044</u>	<u>(510,006)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Payments related to the acquisition of capital assets	(2,216,533)	(387,179)	-	(2,603,712)	-	(596,071)	-
Interest paid on long-term debt	(193,710)	(173,828)	-	(367,538)	-	-	-
Payments related to the payment of debt	(513,683)	(514,137)	-	(1,027,820)	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(2,923,926)</u>	<u>(1,075,144)</u>	<u>-</u>	<u>(3,999,070)</u>	<u>-</u>	<u>(596,071)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>							
Interest on investments	9,535	-	89	9,624	87	-	-
Net increase (decrease) in cash and cash equivalents	390,470	58,250	24,608	473,328	(32,018)	108,046	(510,006)
<b>Cash and Cash Equivalents:</b>							
Beginning of year - July 1	<u>17,833,852</u>	<u>1,156,912</u>	<u>163,201</u>	<u>19,153,965</u>	<u>201,779</u>	<u>-</u>	<u>510,006</u>
End of year - June 30	<u>\$ 18,224,322</u>	<u>\$ 1,215,162</u>	<u>\$ 187,809</u>	<u>\$ 19,627,293</u>	<u>\$ 169,761</u>	<u>\$ 108,046</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>							
Operating income (loss)	\$ 1,423,110	\$ 74,632	\$ (184,634)	\$ 1,313,108	\$ (35,040)	\$ (108,044)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	653,716	257,170	87,133	998,019	-	92,947	-
Post-closure cost	(781,792)	-	-	(781,792)	-	-	-
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	43,927	(43,668)	-	259	-	-	-
(Increase) decrease in prepaid expenses	-	11,055	-	11,055	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(158,094)	229,218	22,970	94,094	2,935	611,170	-
Increase (decrease) in compensated absences payable	-	3,283	-	3,283	-	-	-
Increase (decrease) in unearned revenues	-	(16,915)	-	(16,915)	-	-	-
Increase (decrease) in other post-employment benefits	62,802	-	-	62,802	-	-	-
Net cash provided (used) by operating activities	<u>\$ 1,243,669</u>	<u>\$ 514,775</u>	<u>\$ (74,531)</u>	<u>\$ 1,683,913</u>	<u>\$ (32,105)</u>	<u>\$ 596,073</u>	<u>\$ -</u>

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

**ORANGE COUNTY, NORTH CAROLINA**

**FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 1,294,405
Accounts receivable, property taxes, net	<u>500,060</u>
Total assets	<u>\$ 1,794,465</u>
<b>Liabilities:</b>	
Accounts payable	\$ 1,645,064
Due to other governments	68,872
Due to cooperative extension	<u>80,529</u>
Total liabilities	<u>\$ 1,794,465</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, 2013

### 1. Summary of Significant Accounting Policies

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

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

#### A. Reporting Entity

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

#### Discretely Presented Component Unit

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

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

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

Orange County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a three-member Board of Commissioners, all of who are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Authority does not issue separate financial statements.

### **B. Basis of Presentation**

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

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.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

**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, 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.

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**Agency Funds.** Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: School District Fund, which accounts for the collection and disbursement of taxes for the Chapel Hill-Carrboro City School District for which the County acts as an agent; the Cooperative Extension 4-H Fund, which accounts for the receipts and disbursement of funds on behalf of the 4-H program advisory board; Hyconeechee Regional Library Fund, which accounts for the receipt and disbursement of funds on behalf of the Hyconeechee Library System for which the County acts as an agent; American Stone No Fault Well Repair Fund, which accounts for funds made available from American Stone and the Orange Water and Sewer Authority for residents within 3,000 feet of the perimeter of the American Stone Quarry to repair or replace residential wells that fail for any reason other than as the probable result of American Stone quarry operation; Communication Tower Trust Fund, which is used to account for application fees paid to the County by telecommunication companies, with these fees being used to pay costs associated with determining tower location and construction with unused fees being returned to the telecommunication companies; Jail Inmate Trust Fund, which accounts for the receipts from jail inmates who are incarcerated in the County jail; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County; the DSS Trust Fund that accounts for funds held by the County for subsistence needs of specific social service clients; the Register of Deeds Trust Fee Fund that accounts for the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust mortgage that the County is required to submit to the State Treasurer on a monthly basis; the Mental Health Insurance Fund that accounts for the funds received from Orange Person Chatham "OPC" Mental Health Developmental Disabilities and Substance Abuse Authority and its former employees to cover insurance costs for retirees; the Piedmont Food and Agricultural Processing Center that accounts for the transactions of the Piedmont Food and Agricultural Processing Center located in Hillsborough and is a collaborative effort to expand agricultural and retail food based enterprise business in the four-county area; and the Orange County Community Giving Fund that accounts for donor specific contributions to targeted initiatives.

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

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

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes, as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system.

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

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

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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

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

### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (except 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.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The following summarizes the supplementary appropriations made during 2013:

	<b>Original Budget</b>	<b>Total Amendments</b>	<b>Revised Budget</b>
General Fund	\$ 172,310,226	\$ 6,727,733	\$ 179,037,959
Property Revaluation	178,525	2,839	181,364
Capital Project Funds:			
County Capital Improvements	109,919,439	11,354,214	121,273,653
School Capital Improvements	56,242,712	4,668,729	60,911,441
Special Revenue Funds:			
Impact Fee	-	1,040,000	1,040,000
Community Development	20,101,849	(1,347,243)	18,754,606
Housing Fund	4,217,964	-	4,217,964
Grant Supported Projects	216,706	109,004	325,710
Grant Projects Fund	13,188,079	267,799	13,455,878
Emergency Telephone System	490,672	1,058,607	1,549,279
Visitor's Bureau	1,291,500	51,800	1,343,300
Fire Districts	3,619,554	83,907	3,703,461
Adoption Enhancement	529,006	15,725	544,731
Article 46 Sales Tax	3,125,000	-	3,125,000
Spay and Neuter	75,000	362	75,362
Enterprise Funds:			
Solid Waste/Landfill	14,929,018	1,663,660	16,592,678
Efland Sewer Operating	302,650	-	302,650
SportsPlex	3,526,195	887,835	4,414,030

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

Encumbrances are reported as restricted fund balance at June 30, 2013.

### **D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity**

#### **Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 \$15,532,352 at June 30, 2013. This restricted cash is shown in the General Fund, County Capital Fund, and the School Capital Fund. The remaining restricted assets in the General Fund represent money set aside for future other post-employment benefit premiums of \$3,000,950 and Property Tax Revaluation Fund money of \$116,190, which is restricted per North Carolina General Statute 153A-150.

#### **Ad Valorem Taxes Receivable**

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

These taxes are based on the assessed values as of January 1, 2012. 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.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

### **Allowances for Doubtful Accounts**

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

### **Concentrations of Credit Risk**

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

### **Inventories and Prepaid Items**

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

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

### **Capital Assets**

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

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.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

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

### Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion – a charge on refunding that has previously been classified as an asset.

In addition to liabilities, the Statement of Financial Position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has four items that meet the criterion for this category - prepaid taxes, property taxes receivable, unavailable grant revenue and other receivables.

### Long-Term Obligations

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

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

### Compensated Absences

Permanent employees of the County can earn vacation leave at the rate of 12 days per year for the first two years up to a maximum of 24 days per year after 20 years. Vacation leave may be accumulated with a maximum until January 31 of each year. On that date, any accumulated vacation leave in excess of 240 hours is converted to sick leave. The maximum amount of vacation leave that can be carried forward to February 1 is 240 hours. At termination, employees are paid for any accumulated vacation leave. These amounts are paid from the same fund to which the employee's salary is charged. Accumulated vacation leave and salary related payments at June 30, 2013 amounted to \$4,928,399 for governmental activities and \$306,274 for business-

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 amounted to \$12,664,004 in total, \$11,802,599 of which relates to the governmental funds and \$861,405 which relates to the enterprise funds. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

### **Net Position/Fund Balances**

#### **Net Position**

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

As with many counties in the State of North Carolina, the County's deficit in unrestricted net assets is due primarily to the portion of the County's outstanding general obligation and installment debt totaling approximately \$121.4 million incurred for the Orange County and the Chapel Hill-Carrboro City Boards of Education (the "school system"). Under North Carolina law, the County is responsible for providing school system capital funding and has done so using a mixture of County funds and general obligation debt. The deficit results because the debt is recorded on the County's financial statements as the issuing government, while the related assets are owned, operated, and recorded in the school system's financial statements.

#### **Fund Balances**

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

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

The governmental fund types classify fund balances as follows:

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

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

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

*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.

Restricted fund balance at June 30, 2013 is as follows:

<u>Purpose</u>	<u>County Capital Improvements</u>	<u>School Capital Improvements</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
Restricted, all other:				
Education	\$ -	\$ 10,249,519	\$ -	\$ 10,249,519
Governing and management	5,187,328	-	-	5,187,328
Public safety	-	-	1,249,102	1,249,102
Community and environment	-	-	1,052,897	1,052,897
Total	<u>\$ 5,187,328</u>	<u>\$ 10,249,519</u>	<u>\$ 2,301,999</u>	<u>\$ 17,738,846</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.

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

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

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

Committed fund balance at June 30, 2013 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Committed:</b>			
Human services	\$ -	\$ 741,703	\$ 741,703
Education	-	113,352	113,352
Governing and management	3,000,950	32,483	3,033,433
General services	104,317	-	104,317
<b>Total</b>	<b><u>\$ 3,105,267</u></b>	<b><u>\$ 887,538</u></b>	<b><u>\$ 3,992,805</u></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, 2013

Assigned fund balance at June 30, 2013 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Nonmajor Governmental Funds</u>
<b>Assigned:</b>		
Subsequent years' expenditures	\$ 5,190,118	\$ -
Community and environment	-	2,709,603
General services	-	9,154
Education	-	2,039,169
Total	<u>\$ 5,190,118</u>	<u>\$ 4,757,926</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.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 54,679,607
Less:	
Prepays	16,946
Inventories	23,008
Stabilization for State statute	<u>9,736,214</u>
Total available fund balance	<u>\$ 44,903,439</u>

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 \$642,908.

### **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)	\$ 54,575,290
<b>Property Revaluation Fund:</b>	
Revenues:	
Investment earnings	63
Expenditures:	
Community and environment	(166,665)
Transfers in - General Fund	125,000
Fund balance:	
Beginning of year - July 1	<u>145,919</u>
End of year - June 30 (Exhibit D)	<u>\$ 54,679,607</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.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 2. Detail Notes On All Funds

#### Assets

#### Deposits

All deposits of the County are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

At June 30, 2013, the County's deposits had a carrying amount of \$23,323,209 and a bank balance of \$23,152,955. Of the bank balance, \$2,296,995 was covered by federal depository insurance, and \$20,855,960 was covered by collateral held under the Pooling Method. Cash on hand was \$4,825.

#### Investments

At June 30, 2013, 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	\$ 71,352,366	N/A	N/A	N/A
Commercial Paper: DCAT, LLC CPDS	<u>1,949,571</u>	<u>1,949,571</u>	N/A	N/A
Total investments	<u>\$ 73,301,937</u>	<u>\$ 1,949,571</u>		

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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, Deutsche Bank, and FCAR Owner Trust II all carried credit ratings of P-1 and A-1 by Moody's and Standard & Poor's, respectively.

*Concentration of Credit Risk.* The County places no limit on the amount that the County may invest in any one issuer. Approximately 3 percent of the County's investments are in commercial paper. Investments in Commercial paper are allocated as follows: DCAT, LLC CPDS, 100%.

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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.

<b>Year Ended June 30</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>
2008	\$ 386,639,399	\$ 57,029,303	\$ 443,668,702
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
2012	<u>758,572,374</u>	<u>6,504,519</u>	<u>765,076,893</u>
Total	<u>\$ 3,156,559,900</u>	<u>\$ 106,596,870</u>	<u>\$ 3,263,156,770</u>

**Receivables**

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2013 is net of the following allowance for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 1,333,205</u>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 3. Capital Assets

#### Governmental Capital Assets

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

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>
<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	<u>15,064,762</u>	<u>2,380,207</u>	<u>-</u>	<u>(1,086,257)</u>	<u>16,358,712</u>
Non-depreciable capital assets	<u>33,504,038</u>	<u>2,380,207</u>	<u>-</u>	<u>(1,086,257)</u>	<u>34,797,988</u>
<b>Deprciable Capital Assets:</b>					
Buildings	90,830,683	1,022,105	-	1,086,256	92,939,044
Leasehold improvements	3,411,653	-	-	-	3,411,653
Automotive equipment	7,896,479	214,866	34,862	5,720	8,082,203
Other equipment	<u>6,432,840</u>	<u>438,655</u>	<u>67,654</u>	<u>(5,720)</u>	<u>6,798,121</u>
Depreciable capital assets	<u>108,571,655</u>	<u>1,675,626</u>	<u>102,516</u>	<u>1,086,256</u>	<u>111,231,021</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	25,203,066	2,736,063	-	-	27,939,129
Leasehold improvements	426,457	170,583	-	-	597,040
Automotive equipment	6,035,957	944,582	34,862	5,402	6,951,079
Other equipment	<u>4,701,085</u>	<u>616,707</u>	<u>67,654</u>	<u>(5,402)</u>	<u>5,244,736</u>
Total	<u>36,366,565</u>	<u>\$ 4,467,935</u>	<u>\$ 102,516</u>	<u>\$ -</u>	<u>40,731,984</u>
Depreciable capital assets, net	<u>72,205,090</u>				<u>70,499,037</u>
Governmental activity capital assets, net	<u>\$ 105,709,128</u>				<u>\$ 105,297,025</u>
<b>Internal Service Fund:</b>					
Reported in governmental activities:					
Vehicles	\$ -	\$ 596,071	\$ -	\$ -	\$ 596,071
Less accumulated depreciation	<u>-</u>	<u>92,947</u>	<u>-</u>	<u>-</u>	<u>92,947</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 503,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 503,124</u>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

**Governmental Activities:**

General and management	\$ 3,036,270
General services	174,249
Community and environment	58,129
Human services	210,439
Public safety	<u>988,848</u>
<b>Total</b>	<b><u>\$ 4,467,935</u></b>

**Internal Service Fund**

General and management	<u>\$ 92,947</u>
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**Proprietary Capital Assets**

The capital assets of the proprietary funds at June 30, 2013 are as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer</u>	<u>Balance</u> <u>June 30, 2013</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>1,147,147</u>	<u>-</u>	<u>-</u>	<u>1,322,081</u>
Non-depreciable capital assets	<u>1,617,824</u>	<u>1,147,147</u>	<u>-</u>	<u>-</u>	<u>2,764,971</u>
<b>Depreciable Capital Assets:</b>					
Land improvements	3,956,457	-	-	-	3,956,457
Buildings	3,681,732	-	-	-	3,681,732
Equipment	<u>8,651,916</u>	<u>1,069,386</u>	<u>101,797</u>	<u>-</u>	<u>9,619,505</u>
Depreciable capital assets	<u>16,290,105</u>	<u>1,069,386</u>	<u>101,797</u>	<u>-</u>	<u>17,257,694</u>
<b>Less Accumulated Depreciation:</b>					
Land improvements	3,307,631	18,011	-	-	3,325,642
Buildings	718,458	123,588	-	-	842,046
Equipment	<u>7,672,966</u>	<u>512,117</u>	<u>101,797</u>	<u>-</u>	<u>8,083,286</u>
Total accumulated depreciation	<u>11,699,055</u>	<u>\$ 653,716</u>	<u>\$ 101,797</u>	<u>\$ -</u>	<u>12,250,974</u>
Depreciable capital assets, net	<u>4,591,050</u>				<u>5,006,720</u>
Solid waste capital assets, net	<u>6,208,874</u>				<u>7,771,691</u>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>SportsPlex:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	407,602	\$ -	\$ -	\$ -	407,602
Construction in progress	<u>184,190</u>	<u>387,179</u>	<u>-</u>	<u>(184,190)</u>	<u>387,179</u>
Non-depreciable capital assets	<u>591,792</u>	<u>387,179</u>	<u>-</u>	<u>(184,190)</u>	<u>794,781</u>
<b>Depreciable Capital Assets:</b>					
Buildings	7,203,003	-	-	176,136	7,379,139
Equipment	<u>125,391</u>	<u>-</u>	<u>-</u>	<u>8,054</u>	<u>133,445</u>
Depreciable capital assets	<u>7,328,394</u>	<u>-</u>	<u>-</u>	<u>184,190</u>	<u>7,512,584</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	1,428,598	247,328	-	-	1,675,926
Equipment	<u>111,678</u>	<u>9,842</u>	<u>-</u>	<u>-</u>	<u>121,520</u>
Total accumulated depreciation	<u>1,540,276</u>	<u>\$ 257,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,797,446</u>
Depreciable capital assets, net	<u>5,788,118</u>				<u>5,715,138</u>
Total Sportsplex	<u>6,379,910</u>				<u>6,509,919</u>
<b>Efland Sewer:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and right-of-way	<u>57,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>57,117</u>
Non-depreciable capital assets	<u>57,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,117</u>
<b>Depreciable Capital Assets:</b>					
Sewer lines	<u>3,707,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,707,847</u>
<b>Less Accumulated Depreciation:</b>					
Sewer lines	<u>1,166,595</u>	<u>\$ 87,133</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,253,728</u>
Depreciable capital assets, net	<u>2,541,252</u>				<u>2,454,119</u>
Efland Sewer capital assets, net	<u>2,598,369</u>				<u>2,511,236</u>
Business-type activities capital assets, net	<u>\$ 15,187,153</u>				<u>\$ 16,792,846</u>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 4. Construction Commitments

The government has active construction projects as of June 30, 2013. At June 30, 2013, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
County Jail	\$ 256,567	\$ 1,118,433
County Campus	26,890,736	8,264
Twin Creeks Park	844,937	1,734,520
Efland Buckhorn Sewer Extension	3,680,525	2,966,115
Link Government Center	1,302,023	450,639
Southwest Branch Library	56,576	643,424
Total	<u>\$ 33,031,364</u>	<u>\$ 6,921,395</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 6.77% and 6.74%, 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, 2013, 2012, and 2011 were \$2,677,262, \$2,770,835, and \$2,505,559, 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, 2013

### 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, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	12
Active plan members	87
Total	<u>99</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 19 years. The annual required contribution for the current year was determined as part of the December 31, 2011 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, 2013**

**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	\$ 213,290
Interest on net pension obligation	26,670
Adjustment to annual required contribution	<u>(33,194)</u>
Annual pension cost	206,766
Employer contributions made	<u>162,039</u>
Increase (decrease) in net pension obligation	44,727
Net pension obligation:	
Beginning of year - July 1	<u>533,395</u>
End of year - June 30	<u>\$ 578,122</u>

**Three-Year Trend Information**

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 203,221	78.83%	\$ 491,635
2012	195,629	78.65%	533,395
2013	206,766	78.37%	578,122

**Funded Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,993,706. The covered payroll (annual payroll of active employees covered by the plan) was \$4,107,806, and the ratio of the UAAL to the covered payroll was 48.53%.

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, 2013

### **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, 2013 were \$241,409, which consisted of \$203,131 from the County and \$38,278 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, 2013, the County’s required and actual contributions were \$18,985.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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, 2012, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	294
Active plan members:	
General employees	722
Law enforcement officers	83
Total	<u>1,099</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 14.30% of annual covered payroll. For the current year, the County contributed \$4,586,898, or 12.28%, 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, 2013

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

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

Annual required contribution	\$ 5,574,758
Interest on net OPEB obligation	4.00%
Adjustments to annual required contribution	<u>41,683</u>
Annual OPEB cost (expense)	5,616,441
Contributions made	<u>4,586,898</u>
Increase (decrease) in net OPEB obligation	1,029,543
Net OPEB obligation:	
Beginning of year - July 1	<u>23,318,016</u>
End of year - June 30	<u><u>\$ 24,347,559</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
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
2013	5,616,441	81.67%	24,347,559

**Funding Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date the actuarial value of the assets was \$3,000,243. The actuarial accrued liability for benefits was \$65,622,232 and the unfunded actuarial accrued liability ("UAAL") was \$62,621,989. The covered payroll (annual payroll of active employees covered by the plan) was \$37,343,621, and the ratio of the UAAL to the covered payroll was 167.7 percent.

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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, 2012 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 8.50 to 5.00 percent annually, and a post-Medicare trend rate of 6.25 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 closed basis. The remaining amortization period at December 31, 2012 was 30 years.

As of June 30, 2013, management has decided to fund the OPEB on a pay-as-you go basis during the fiscal year. At the end of each fiscal year, management will make an additional contribution to fund the annual required contribution with one half of the General Fund unassigned fund balance in excess of 17% of General Fund expenditures. The Board will formalize their OPEB policy in fiscal year 2014.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the twenty-four months prior to the employee's death, but the benefit must be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2013, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.0% and 0.0% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

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

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

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

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

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

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 6. Long-Term Obligations

The following is a summary of transactions affecting the County's long-term obligations for the year ended June 30, 2013:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 95,520,000	\$ 13,300,000	\$ 22,615,000	\$ 86,205,000	\$ 9,045,000
Obligations under capital leases	2,486,176	-	739,943	1,746,233	750,418
Installment notes payable	114,393,535	-	6,597,266	107,796,269	7,281,965
Revolving loan payable	-	2,099,099	-	2,099,099	-
Bond premium refunding	20,210,827	1,680,206	5,307,264	16,583,769	-
Accrued compensated absences	5,097,695	875,037	1,044,333	4,928,399	2,957,039
Separation allowance	533,395	206,766	162,039	578,122	-
OPEB liability	21,895,617	5,273,838	4,307,097	22,862,358	-
Total governmental activities	<u>\$ 260,137,245</u>	<u>\$ 23,434,946</u>	<u>\$ 40,772,942</u>	<u>\$ 242,799,249</u>	<u>\$ 20,034,422</u>
<b>Business-Type Activities:</b>					
Obligations under capital leases	\$ 606,855	\$ -	\$ 281,727	\$ 325,128	\$ 281,728
Installment notes payable	10,175,318	-	746,093	9,429,225	649,349
Post-closing liability	13,741,104	-	781,792	12,959,312	-
Accrued compensated absences	363,108	788	57,622	306,274	183,764
OPEB liability	1,422,399	342,603	279,801	1,485,201	-
Total business-type activities	<u>\$ 26,308,784</u>	<u>\$ 343,391</u>	<u>\$ 2,147,035</u>	<u>\$ 24,505,140</u>	<u>\$ 1,114,841</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, 2013 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, 2013

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

\$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%	\$ 150,000
\$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%	750,000
\$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%	2,000,000
\$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%	1,435,000
\$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%	23,875,000
\$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%	20,395,000
\$24,440,000 2011 Refunding serial bond, due in semi-annual installments of \$20,550 to \$6,890,250 through February 1, 2023; interest at 2.00% to 4.00%	24,300,000
\$13,300,000 2012 Refunding serial bond, due in semi-annual installments through April, 30, 2024; interest at 2-4%	<u>13,300,000</u>
Total	<u>\$ 86,205,000</u>

Of the amount serviced by the County's General Fund shown above, \$56,585,868 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, 2013**

**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.	\$ 600,000
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.	<u>1,146,233</u>
Total	<u>\$ 1,746,233</u>

**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.	\$ 86,800
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.	<u>238,328</u>
Total	<u>\$ 325,128</u>

**State Revolving Loan Serviced by the Governmental Funds:**

On June 21, 2011, the County was approved for a maximum loan amount of \$3,500,000 from the U. S. Environmental Protection Agency passed through the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Fund. The loan proceeds are being used for the construction of an extension to the Town Efland's Sewer System. The loan is being reported as long-term debt in governmental activities and is repayable at 2.445% for 20 years beginning six months after the completion of the project. The County anticipates repayment of the loan beginning in fiscal year ending June 30, 2015. The loan repayment schedule calls for equal principal repayments of \$225,000 annually for 20 years. The total amount outstanding at June 30, 2013 was \$2,099,099.	<u>\$ 2,099,099</u>
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**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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	\$ 8,570,847
Installment note payable, due in quarterly payments of \$42,125; interest at 5% through April 27, 2016	505,500
Installment note payable, due in annual payments of \$600,000; interest at 4.39% through December 21, 2021	5,400,000
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	33,083,465
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	52,893,609
\$4,136,434 of Qualified School Construction Bonds, due in annual installments of \$275,762 at 0% interest through March 15, 2025	3,309,148
\$9,899,439 of Qualified School Construction Bonds, due in annual installments of \$659,295 at 5.49 % interest through January 27,2026	<u>4,033,700</u>
Total	<u>107,796,269</u>

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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 1,643,654

Installment note payable, due in annual payments of \$110,000; interest at 4.14% through June 26, 2027 2,884,390

Total Solid Waste Fund 4,528,044

**SportsPlex Fund:**

Certificate of Participation, due in annual payments of \$279,545 to \$301,364; interest at 4% to 5% through April 1, 2026 3,913,498

Installment note payable, due in annual payments of \$75,086; interest at 4.14% through June 26, 2027 987,683

Total SportsPlex Fund 4,901,181

Total Enterprise Funds 9,429,225

Total - all debt \$ 205,501,855

Of the amount serviced by governmental funds shown above, \$64,819,587 is considered to be school installment debt.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The annual requirements as of June 30, 2013 to amortize outstanding debt and funds available for draw under general obligation bonds, installment purchase contracts, capital leases, exclusive of accrued compensated absences, and the Separation Allowance are as follows:

Year Ending June 30	General Obligation Bonds		State Revolving Loan		Installment Purchase Options		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
<b>Governmental Activities:</b>										
2014	\$ 9,045,000	\$ 12,420,544	\$ -	\$ -	\$ 7,281,965	\$ 4,581,908	\$ 750,418	\$ 60,617	\$ 17,077,383	\$ 17,063,069
2015	8,885,000	11,891,181	121,099	103,901	7,221,844	4,340,792	761,143	48,039	16,989,086	16,383,913
2016	8,815,000	11,468,406	176,638	48,362	7,208,858	4,093,233	234,672	2,079	16,435,168	15,612,080
2017	8,775,000	11,056,956	180,957	44,043	7,022,380	3,812,501	-	-	15,978,337	14,913,500
2018	8,720,000	10,601,906	185,381	39,619	8,321,997	3,503,212	-	-	17,227,378	14,144,737
2019-2023	39,665,000	44,341,781	997,151	127,849	41,650,089	12,008,827	-	-	82,312,240	56,478,457
2024-2028	2,300,000	2,795,757	437,873	16,173	29,089,136	4,288,690	-	-	31,827,009	7,100,620
Total	\$ 86,205,000	\$ 104,576,531	\$ 2,099,099	\$ 379,947	\$ 107,796,269	\$ 36,629,163	\$ 1,746,233	\$ 110,735	\$ 197,846,601	\$ 141,696,376
<b>Business-Type Activities:</b>										
2014	\$ -	\$ -	\$ -	\$ -	\$ 649,349	\$ 400,457	\$ 281,728	\$ 12,544	\$ 931,077	\$ 413,001
2015	-	-	-	-	644,469	379,510	43,400	5,134	687,869	384,644
2016	-	-	-	-	625,655	356,050	-	-	625,655	356,050
2017	-	-	-	-	623,633	332,471	-	-	623,633	332,471
2018	-	-	-	-	694,016	304,084	-	-	694,016	304,084
2019-2023	-	-	-	-	3,482,121	1,043,358	-	-	3,482,121	1,043,358
2024-2038	-	-	-	-	2,378,060	284,127	-	-	2,378,060	284,127
2029-2033	-	-	-	-	331,922	30,842	-	-	331,922	30,842
Total	\$ -	\$ -	\$ -	\$ -	\$ 9,429,225	\$ 3,130,899	\$ 325,128	\$ 17,678	\$ 9,754,353	\$ 3,148,577

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, 2013, such statutory limit for the County was approximately \$1.27 billion, providing a legal debt margin of approximately \$1 billion.

Bonds authorized, but unissued, at June 30, 2013 were \$23,900,000.

### Advanced Refundings

On December 28, 2012, the County issued \$13,300,000 in 2012 Refunding General Obligation Bonds. The proceeds were used to advance refund \$13,685,000 of outstanding Public Improvement, Series 2004 A and B and Public Improvement, Series 2005A General Obligation Bonds. The net proceeds of \$13,685,000 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 have been removed from the statement of net assets. The County advance refunded the debt to reduce its total debt service payments over 11 years by \$1,074,364 and to obtain an economic gain of \$970,093.

**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, 2013, there is no balance outstanding.

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

The amount of deferred outflows of resources is a charge on refunding of debt of \$1,191,851.

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
<b>Ad Valorem Taxes:</b>		
Prepaid taxes not yet earned (General Fund)	\$ -	\$ 315,512
Prepaid taxes not yet earned (Other Governmental)	-	-
Taxes receivable, net (General Fund)	3,146,571	-
Taxes receivable, net (Other Governmental)	167,529	-
Other receivables (Other Governmental Funds)	<u>1,026,751</u>	<u>-</u>
Total	<u>\$ 4,340,851</u>	<u>\$ 315,512</u>

**8. Net Investment in Capital Assets**

Net investment in capital assets, at June 30, 2013 are computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 105,800,149	\$ 16,792,846
Deferred outflows of resources	1,191,851	-
Less capital debt:		
Gross debt	214,430,370	9,754,353
Less:		
School debt related to assets to which the County does not hold title	(121,405,455)	-
Unexpended debt proceeds, county debt	<u>(5,187,328)</u>	<u>-</u>
Net capital debt	<u>87,837,587</u>	<u>9,754,353</u>
Net investment in capital assets	<u>\$ 19,154,413</u>	<u>\$ 7,038,493</u>

**9. Interfund Balances and Activity**

The following is a schedule of interfund receivable and payable balances as of June 30, 2013:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
County Capital Improvements Fund	Efland Sewer Fund	\$ 66,983
County Capital Improvements Fund	Vehicle Replacement Fund	604,467
General Fund	Community Development	421,991
General Fund	Efland Sewer Fund	<u>136,000</u>
Total		<u>\$1,229,441</u>

**ORANGE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013:

	<u>Transfers From</u>				<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>County Capital Improvements Fund</u>	
<u>Transfers to:</u>	<u>General Fund</u>	<u>Impact Fee Fund</u>	<u>Emergency Telephone System Fund</u>	<u>County Capital Improvements Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 1,840,000	\$ -	\$ 47,700	\$ 1,887,700
Special Revenue Funds:					
Grant Supported Projects	71,214	-	-	-	71,214
Community Development	209,080	-	-	-	209,080
Section 8 Housing	87,319	-	-	-	87,319
Capital Project Funds:					
County Capital					
Improvements Fund	2,368,474	-	616,504	-	2,984,978
School Capital					
Improvements Fund	5,120,984	-	-	-	5,120,984
Emergency Telephone System	904,367	-	-	-	904,367
Enterprise Funds:					
Solid Waste	1,594,226	-	-	-	1,594,226
SportsPlex	618,619	-	-	-	618,619
Efland Sewer	99,050	-	-	-	99,050
Internal Service Fund:					
Vehicle Replacement Fund	-	-	-	108,044	108,044
<b>Total</b>	<b>\$ 11,073,333</b>	<b>\$ 1,840,000</b>	<b>\$ 616,504</b>	<b>\$ 155,744</b>	<b>\$ 13,685,581</b>

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 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.

	<b>Federal</b>	<b>State</b>
Medical Assistance Program-Title XIX-Medicaid	\$ 61,889,330	\$ 34,523,618
Special Supplemental Nutrition Program for Women, Infants, and Children	1,106,742	-
Refugee Assistance	15,857	208
Energy Assistance	-	118
TANF	539,906	-
Adoption Assistance	658,096	451,015
Title IV Foster Care	662,600	64,585
State/County Apecial Assistance	13,041	730,162
SFHS Maximization	-	21,204
State Foster Home	-	61,425
<b>Total</b>	<b>\$ 64,885,572</b>	<b>\$ 35,852,335</b>

### 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 \$12,959,312 reported as landfill closure and post-closure care liability at June 30, 2013 represents a cumulative amount reported to-date based on the use of 92 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 2013. The County closed the landfill at the end of fiscal 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, 2013

In complying with these regulations during fiscal year 2013, 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, 2013, future minimum rental payments due under the capital leases are as follows:

Total minimum lease payments	\$ 2,199,774
Less amount representing interest	<u>(128,413)</u>
Present value of minimum lease payments	<u>\$ 2,071,361</u>

The total rental paid for all operating leases was \$781,515 for the year ended June 30, 2013. 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, 2013, 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.

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 12. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-State public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, crime coverage, and single occurrence losses of \$350,000 for workers' compensation. For health and dental insurance, the County is reinsured 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 2013, a total of \$475,991 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>2013</b>	<b>2012</b>
Unpaid claims:		
Beginning of year - July 1	\$ 26,771	\$ 10,923
Incurred claims	475,991	466,862
Claim payments	(473,056)	(451,014)
End of year - June 30	\$ 29,706	\$ 26,771

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.

## ORANGE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

#### 13. Jointly Governed Organization

**Orange Water and Sewer Authority.** The Orange Water and Sewer Authority is a public authority created under North Carolina law, which was established for the purpose of providing water and sewer service in a defined area within the County. The Authority has a nine-member governing body with two members appointed by the Orange County Board of Commissioners, two members appointed by the Board of Aldermen of the Town of Carrboro, and five members appointed by the Mayor and Town Council of the Town of Chapel Hill. The County is not responsible for any debt of 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.** On July 1, 2012, the Hyconeechee Regional Library System dissolved, based on a plan of dissolution adopted by the Board of Trustees on April 13, 2011. As part of the dissolution, Caswell, Orange, and Person Counties assumed all responsibilities for their separate independent library systems. The Counties retained the assets and liabilities related to their respective use of the Library Systems both before and after the dissolution date. There was not any fund balance as of June 30, 2013.

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

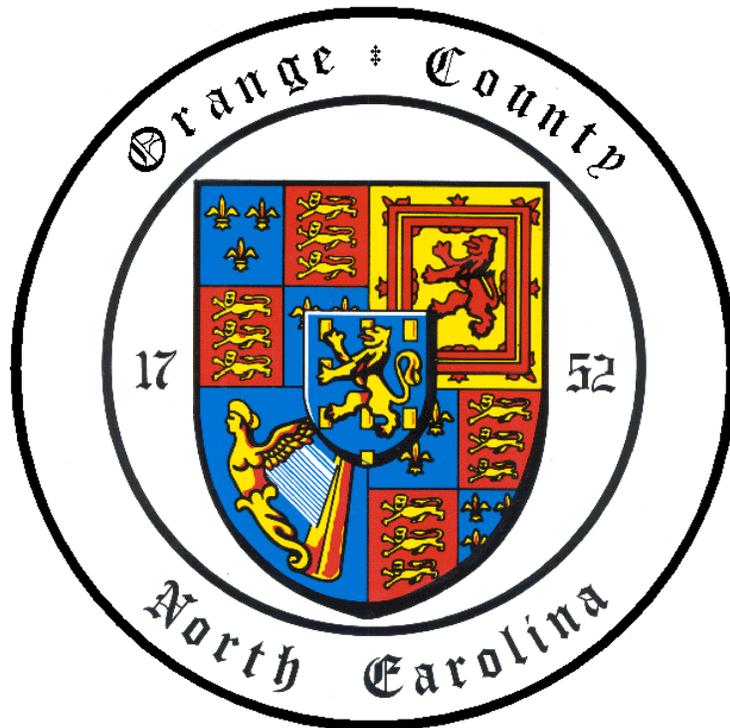
# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

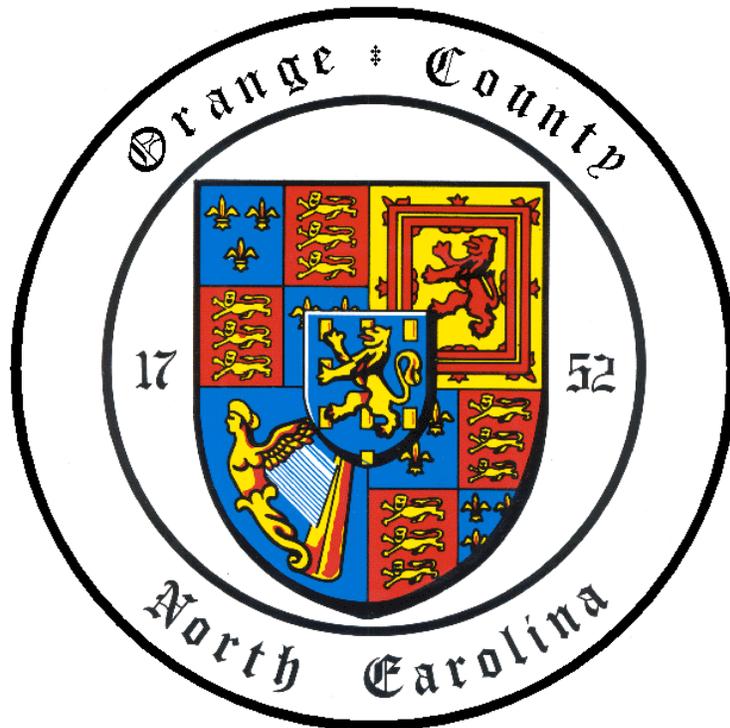
The County makes an annual appropriation to the Authority, but the majority of the funding comes from other sources. During the fiscal year ended June 30, 2013, the County contributed \$1,370,973 to the Authority. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2013. 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.

### **15. Change in Accounting Principle/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and were not amortized must be included in current expenditures. Previously deferred bond issuance costs totaling \$871,523 were not recognized as an expenditure. As a result, beginning net position of the governmental activities decreased from (\$57,428,543) to (\$58,300,066).



**Required Supplemental Financial Data**



## ORANGE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013

## Schedule of Funding Progress

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

## Schedule of Employer Contributions

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

## 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	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 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, 2013

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	\$ -	\$ 84,540,825	\$ 84,540,825	0.00%	\$ 32,914,392	256.9%
12/31/2007	-	54,382,277	54,382,277	0.00%	37,345,503	145.6%
12/31/2009	-	58,020,674	58,020,674	0.00%	37,996,740	152.7%
12/31/2010	-	62,803,094	62,803,094	0.00%	38,421,649	163.5%
12/31/2011	-	63,716,142	63,716,142	0.00%	38,572,921	165.2%
12/31/2012	3,000,243	65,622,232	62,621,989	4.57%	37,343,621	167.7%

## Schedule of Employer Contributions

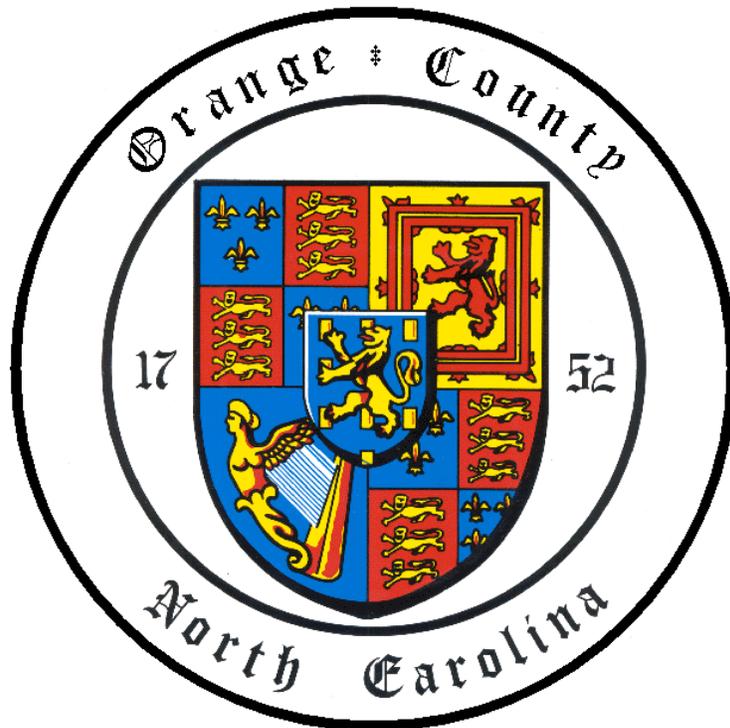
Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2008	\$ 8,829,704	9.57%
2009	5,109,562	19.67%
2010	5,301,171	21.24%
2011	5,075,371	37.52%
2012	5,374,429	32.14%
2013	5,574,758	82.28%

## 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	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, closed
Remaining amortization period	30 years
Amortization factor	26.1695
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	8.50%-5.00%
Post-Medicare trend rate	6.25%-5.00%
Year of Ultimate trend rate	2018

**General Fund**



## ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Property Revaluation Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
<b>Revenues:</b>				
Property taxes	\$ 137,809,331	\$ -	\$ -	\$ 137,809,331
Sales tax	18,503,027	-	-	18,503,027
Intergovernmental revenues	19,329,447	-	-	19,329,447
Charges for services	9,688,138	-	-	9,688,138
Investment earnings	30,926	63	-	30,989
Licenses and permits	322,477	-	-	322,477
Miscellaneous	819,043	-	-	819,043
Total revenues	<u>186,502,389</u>	<u>63</u>	<u>-</u>	<u>186,502,452</u>
<b>Expenditures:</b>				
Governing and management	12,280,547	-	-	12,280,547
General services	5,886,907	-	-	5,886,907
Community and environment	5,566,390	166,665	-	5,733,055
Human services	34,427,142	-	-	34,427,142
Education	66,947,350	-	-	66,947,350
Public safety	18,975,575	-	-	18,975,575
Culture and recreation	2,167,876	-	-	2,167,876
Debt service:				
Principal	16,267,209	-	-	16,267,209
Interest and fees	7,811,057	-	-	7,811,057
Total expenditures	<u>170,330,053</u>	<u>166,665</u>	<u>-</u>	<u>170,496,718</u>
Revenues over (under) expenditures	<u>16,172,336</u>	<u>(166,602)</u>	<u>-</u>	<u>16,005,734</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,887,700	125,000	(125,000)	1,887,700
Transfers out	(11,198,333)	-	125,000	(11,073,333)
Total other financing sources (uses)	<u>(9,310,633)</u>	<u>125,000</u>	<u>-</u>	<u>(9,185,633)</u>
Net change in fund balance	6,861,703	(41,602)	-	6,820,101
<b>Fund Balance:</b>				
Beginning of year - July 1	<u>47,713,587</u>	<u>145,919</u>	<u>-</u>	<u>47,859,506</u>
End of year - June 30	<u>\$ 54,575,290</u>	<u>\$ 104,317</u>	<u>\$ -</u>	<u>\$ 54,679,607</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Property tax	\$ 136,062,593	\$ 137,235,475	\$ 1,172,882	\$ 135,873,089
Tax penalties and interest	410,000	516,458	106,458	552,037
Gross receipts tax	42,000	57,398	15,398	60,381
Total	136,514,593	137,809,331	1,294,738	136,485,507
<b>Sales Tax:</b>				
Local option sales tax	15,742,304	18,503,027	2,760,723	17,562,303
Total	15,742,304	18,503,027	2,760,723	17,562,303
<b>Intergovernmental Revenues:</b>				
Animal tax	232,779	251,042	18,263	237,053
Beer and wine tax	223,600	212,286	(11,314)	225,882
Federal and State grants	19,328,138	17,874,276	(1,453,862)	18,345,267
Local grants	447,547	455,614	8,067	453,117
ABC Board law enforcement distribution	120,000	88,764	(31,236)	86,264
ABC Board profit distribution	440,000	447,465	7,465	446,443
Total	20,792,064	19,329,447	(1,462,617)	19,794,026
<b>Charges for Services:</b>				
Register of Deeds	1,245,745	1,449,688	203,943	1,241,213
Collection fees	439,999	316,517	(123,482)	308,056
Inspection fees	515,500	466,734	(48,766)	479,918
Health service fees	1,178,325	949,059	(229,266)	1,229,328
Recreation fees	244,593	341,231	96,638	279,360
Planning fees	203,000	135,684	(67,316)	113,850
Aging fees	218,850	225,560	6,710	127,320
EMS fees	2,040,000	2,742,509	702,509	2,314,772
Sheriff and court charges	2,467,402	2,347,746	(119,656)	2,453,612
Other charges	719,537	713,410	(6,127)	858,781
Total	9,272,951	9,688,138	415,187	9,406,210
<b>Investment Earnings</b>	105,000	30,926	(74,074)	51,201
<b>Licenses and Permits:</b>				
Privilege licenses	13,000	11,605	(1,395)	11,435
Franchise fees	300,000	310,872	10,872	317,830
Total	313,000	322,477	9,477	329,265

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Miscellaneous Revenues:</b>				
Donations	285,053	282,353	(2,700)	258,807
Rent	336,210	336,504	294	336,005
Other	218,925	200,186	(18,739)	229,733
Total	840,188	819,043	(21,145)	824,545
Total revenues	183,580,100	186,502,389	2,922,289	184,453,057
<b>Expenditures:</b>				
<b>Governing and Management:</b>				
County commissioners	759,873	702,087	57,786	556,392
County manager	844,382	776,518	67,864	706,544
Animal services	1,761,726	1,614,804	146,922	1,554,838
Human resources	722,687	710,156	12,531	634,342
Financial services	3,198,919	2,589,156	609,763	956,515
County Attorney	500,290	482,950	17,340	442,082
Asset management and purchasing	4,531,649	3,722,766	808,883	5,280,625
Non-departmental	2,205,606	1,682,110	523,496	1,814,811
Total	14,525,132	12,280,547	2,244,585	11,946,149
<b>General Services:</b>				
Information systems	2,299,783	2,000,346	299,437	2,068,539
Register of Deeds	886,968	838,208	48,760	835,477
Tax administration	2,484,054	2,275,646	208,408	2,016,180
Elections	692,724	670,302	22,422	579,953
Non-departmental	102,549	102,405	144	102,405
Total	6,466,078	5,886,907	579,171	5,602,554
<b>Community and Environment:</b>				
Planning	2,542,930	2,094,617	448,313	2,162,186
DEAPR	3,048,758	2,925,535	123,223	2,775,044
Economic development	381,338	325,021	56,317	359,292
Non-departmental	258,715	221,217	37,498	224,313
Total	6,231,741	5,566,390	665,351	5,520,835
<b>Human Services:</b>				
Social services	21,715,891	19,978,376	1,737,515	18,668,169
Health	9,030,675	8,737,561	293,114	8,168,390
Cooperative extension	396,244	331,915	64,329	338,326
Aging	2,557,373	2,448,015	109,358	2,268,145
Human rights and relations	295,956	268,140	27,816	278,291
Child support enforcement	997,942	955,429	42,513	972,747
Non-departmental	1,729,699	1,707,706	21,993	1,582,265
Total	36,723,780	34,427,142	2,296,638	32,276,333

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Education:</b>				
Current expense	62,919,350	62,919,350	-	59,912,903
Capital outlay	3,040,000	3,040,000	-	3,039,000
Non-departmental	988,000	988,000	-	988,000
Total	<u>66,947,350</u>	<u>66,947,350</u>	<u>-</u>	<u>63,939,903</u>
<b>Public Safety:</b>				
Sheriff	11,552,607	10,856,916	695,691	10,893,849
Emergency services	8,938,862	7,748,766	1,190,096	7,501,352
Courts	81,655	20,556	61,099	64,017
Non-departmental	408,497	349,337	59,160	416,004
Total	<u>20,981,621</u>	<u>18,975,575</u>	<u>2,006,046</u>	<u>18,875,222</u>
<b>Cultural and Recreational:</b>				
Library services	1,772,264	1,674,880	97,384	1,654,357
Non-departmental	502,114	492,996	9,118	424,607
Total	<u>2,274,378</u>	<u>2,167,876</u>	<u>106,502</u>	<u>2,078,964</u>
<b>Debt Service:</b>				
<b>Principal On Bonds:</b>				
School bond	7,434,606	7,457,790	23,184	8,233,564
County bond	1,495,394	1,472,210	(23,184)	1,456,825
<b>Private Placement:</b>				
Schools	2,785,489	2,837,447	51,958	4,607,605
County	4,499,762	4,499,762	-	4,420,061
Total	<u>16,215,251</u>	<u>16,267,209</u>	<u>51,958</u>	<u>18,718,055</u>
<b>Interest and Fees:</b>				
School bond interest	3,259,924	2,551,687	708,237	2,542,142
County bond interest	947,488	898,224	49,264	647,389
School private placement interest	1,209,569	1,316,598	(107,029)	1,402,150
County private placement interest	3,255,647	3,044,548	211,099	3,153,389
Total	<u>8,672,628</u>	<u>7,811,057</u>	<u>861,571</u>	<u>7,745,070</u>
Total debt service	<u>24,887,879</u>	<u>24,078,266</u>	<u>809,613</u>	<u>26,463,125</u>
Total expenditures	<u>179,037,959</u>	<u>170,330,053</u>	<u>8,707,906</u>	<u>166,703,085</u>
Revenues over (under) expenditures	<u>4,542,141</u>	<u>16,172,336</u>	<u>11,630,195</u>	<u>17,749,972</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
<b>Other Financing Sources (Uses):</b>				
Capital lease issuances	-	-	-	531,500
Transfers in	1,087,700	1,887,700	800,000	1,040,000
Transfers out	(11,861,529)	(11,198,333)	663,196	(8,839,248)
Appropriated fund balance	6,231,688	-	(6,231,688)	-
Total other financing sources (uses)	<u>(4,542,141)</u>	<u>(9,310,633)</u>	<u>(4,768,492)</u>	<u>(7,267,748)</u>
Net change in fund balance	\$ -	6,861,703	\$ 6,861,703	10,482,224
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>47,713,587</u>		<u>37,231,363</u>
End of year - June 30		<u>\$ 54,575,290</u>		<u>\$ 47,713,587</u>

## ORANGE COUNTY, NORTH CAROLINA

**PROPERTY REVALUATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 63	\$ 63
Total revenues	<u>-</u>	<u>63</u>	<u>63</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Property revaluation:			
Personnel services	146,925	154,390	(7,465)
Operations	<u>34,439</u>	<u>12,275</u>	<u>22,164</u>
Total expenditures	<u>181,364</u>	<u>166,665</u>	<u>14,699</u>
Revenues over (under) expenditures	<u>(181,364)</u>	<u>(166,602)</u>	<u>14,762</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	125,000	125,000	-
Appropriated fund balance	<u>56,364</u>	<u>-</u>	<u>(56,364)</u>
Total other financing sources (uses)	<u>181,364</u>	<u>125,000</u>	<u>(56,364)</u>
Net change in fund balance	<u>\$ -</u>	<u>(41,602)</u>	<u>\$ (41,602)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>145,919</u>	
End of year - June 30		<u>\$ 104,317</u>	

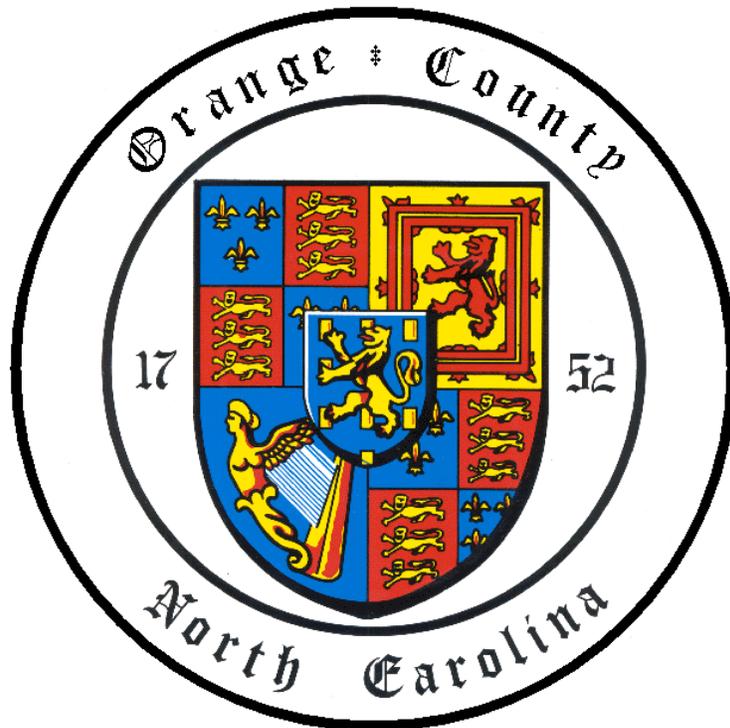
## **Major Governmental Funds**

### **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.



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, 2013

	Budget to Date	Actual		
		Reported in Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
Federal grants	\$ 5,888,842	\$ 3,591,725	\$ 1,398,935	\$ 4,990,660
State grants	6,161,633	5,074,854	160,667	5,235,521
Investment earnings	2,624,400	3,331,836	6,552	3,338,388
Other	1,547,665	3,275,727	131,048	3,406,775
Total revenues	16,222,540	15,274,142	1,697,202	16,971,344
<b>Expenditures:</b>				
New Hope Creek Preserve	40,000	-	18,750	18,750
Jail	1,375,000	111,778	144,789	256,567
Justice facility and new courthouse	12,229,073	12,326,996	-	12,326,996
New courthouse	-	218,797	-	218,797
Northern Human Services Center	714,545	363,931	-	363,931
Senior Center- Central Orange	6,460,533	6,147,769	-	6,147,769
Robert and Pearl Seymour Center	70,000	-	-	-
Southern Human Services Center	280,000	-	-	-
Whitted Human Services Center	295,000	-	2,800	2,800
Animal services facility	9,168,864	9,125,591	32,143	9,157,734
EMS relocation and meadowlands annex	3,569,214	3,527,985	24,322	3,552,307
County campus, office building, and library	26,899,000	25,838,795	1,051,941	26,890,736
County other	-	275,684	1,173,776	1,449,460
Blackwood Farm	2,437,435	2,279,170	-	2,279,170
Cedar Grove Park	1,848,000	1,847,533	466	1,847,999
Twin Creeks Park	2,579,457	844,937	-	844,937
Fairview Park	1,615,023	1,593,980	12,238	1,606,218
Conservation easement	1,733,208	1,668,733	37,091	1,705,824
Homestead Aquatics	-	83,346	-	83,346
Lands Legacy - unallocated	1,630,909	111,290	-	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	258,712	-	258,712
Blackwood Farm Park	50,000	-	-	-
Joint Artificial Turf Soccer (CH)	623,000	-	-	-
Roofing projects	1,498,100	1,122,104	20,800	1,142,904
Affordable housing	2,808,804	1,683,719	352,625	2,036,344
Information technology	4,817,757	2,690,232	1,165,693	3,855,925
Register of Deeds' automation enhancement	500,450	42,671	204,030	246,701
Medicaid maximization	3,899,142	1,863,031	45,334	1,908,365
Loan Pool Reserve	275,000	200,000	-	200,000
Efland Sewer extension	1,798,240	81,386	29,865	111,251
HVAC projects	2,261,423	617,222	157,632	774,854
ADA compliance	16,058	16,058	-	16,058
Utilities demand reduction systems	130,000	106,055	-	106,055
Upfit of County Space - Link Center	1,752,662	1,244,315	57,708	1,302,023
Telephone system replacement	575,000	562,748	-	562,748

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, 2013

	Budget to Date	Actual		Total to Date
		Reported in Prior Years	Current Year	
Hillsborough Commons	3,790,000	3,780,709	-	3,780,709
Board of Elections office	97,000	34,750	-	34,750
Piedmont Food and Agriculture Processing	1,494,825	1,377,889	47,396	1,425,285
Eno EDD	200,000	-	-	-
800 MHz Radios	700,000	473,436	-	473,436
Dental equipment	100,000	74,190	-	74,190
Buckhorn EDD Phase 2	4,452,046	186,390	433,471	619,861
Payroll Software System	329,861	307,154	3,946	311,100
129 East King Street	145,000	43,412	66,579	109,991
Central Efland Buckhorn Sewer	4,848,400	2,064,566	1,504,708	3,569,274
McGowan Creek Outfall	755,450	-	7,740	7,740
Energy Bank	50,000	-	-	-
Viper Radio System	543,750	-	-	-
Communication System Improvements	1,101,978	-	744,261	744,261
Lake Orange Capital Maintenance	346,300	189,647	-	189,647
Observation Well Network	11,330	11,297	-	11,297
Jail New Campus	-	3,419	-	3,419
Historic Rogers Road Community Center	650,000	-	-	-
Future EMS Stations	50,000	-	-	-
Southern Orange Campus (Future)	300,000	-	103,009	103,009
Southwest Branch Library	700,000	56,576	-	56,576
Intrest and fees	1,566,376	-	948,611	948,611
Total expenditures	121,273,653	90,283,838	8,391,724	98,675,562
Revenues over (under) expenditures	(105,051,113)	(75,009,696)	(6,694,522)	(81,704,218)
<b>Other Financing Sources (Uses):</b>				
Bond issuance costs	9,015,794	2,502,871	-	2,502,871
Refunding bonds	20,000,000	119,148,500	13,300,000	132,448,500
Bond premium	2,000,000	15,958,314	1,680,206	17,638,520
Installment loan issuance	75,211,065	57,468,407	2,099,099	59,567,506
Capital lease issuance	-	2,540,999	-	2,540,999
Payment to escrow agent	(20,603,624)	(128,051,447)	(13,685,000)	(141,736,447)
Transfers in	21,810,941	16,226,652	2,984,978	19,211,630
Transfers out	(3,730,000)	(3,268,520)	(155,744)	(3,424,264)
Appropriated fund balance	1,346,937	-	-	-
Total other financing sources (uses)	105,051,113	82,525,776	6,223,539	88,749,315
Net change in fund balance	\$ -	\$ 7,516,080	(470,983)	\$ 7,045,097
<b>Fund Balance:</b>				
Beginning of year - July 1			7,516,080	
End of year - June 30			\$ 7,045,097	

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, 2013

	Budget to Date	Actual		Total to Date
		Reported in Prior Years	Current Year	
<b>Revenues:</b>				
Investment earnings	\$ 60,000	\$ 563,263	\$ 64,779	\$ 628,042
Sales tax	180,000	75,000	12,597	87,597
Lottery proceeds	2,892,139	2,959,057	-	2,959,057
Other	-	33,759	-	33,759
Total revenues	<u>3,132,139</u>	<u>3,631,079</u>	<u>77,376</u>	<u>3,708,455</u>
<b>Expenditures:</b>				
<b>Orange County Schools:</b>				
A.L. Stanback Middle School	12,000	-	-	-
Cameron Park Elementary	525,634	523,362	1,560	524,922
Efland Cheeks Elementary	423,449	375,733	14,081	389,814
Grady Brown Elementary	54,040	54,023	-	54,023
Hillsborough Elementary	362,899	241,878	-	241,878
New Hope Elementary renovations	325,000	242,740	-	242,740
Stanford Middle School	688,065	340,608	83,619	424,227
Orange High School	558,767	553,181	1,200	554,381
Orange High Track repairs	495,634	495,634	-	495,634
Alternative School	361,720	302,111	-	302,111
Indoor air quality	15,000	-	-	-
Central elementary air	174,900	138,601	-	138,601
Classroom improvements	3,394,886	2,569,580	361,647	2,931,227
Electrical systems	290,000	170,685	-	170,685
Window replacements	573,567	158,136	69,995	228,131
Kitchen renovations project	27,785	-	-	-
Mechanical systems	15,000	-	14,196	14,196
Paving / parking lot improvements	80,281	-	-	-
Electrical service upgrades	33,000	-	-	-
Planning for future projects	300,000	-	-	-
Roofing projects	1,600,000	1,595,943	4,058	1,600,001
Technology plan	2,222,668	1,320,425	357,296	1,677,721
HVAC upgrade/improvements	1,493,961	489,432	252,220	741,652
District-wide improvements	247,745	230,202	952	231,154
Bathroom renovations	180,532	83,682	-	83,682
Fire/safety upgrades	333,569	249,042	14,182	263,224
Total Orange County Schools	<u>14,790,102</u>	<u>10,134,998</u>	<u>1,175,006</u>	<u>11,310,004</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, 2013

	Budget to Date	Actual		Total to Date
		Reported in Prior Years	Current Year	
<b>Chapel Hill Carrboro Schools:</b>				
Elementary #11	23,137,196	3,944,264	16,415,584	20,359,848
Morris Grove Elementary	40,000	38,911	-	38,911
Transportation Center	309,500	289,540	-	289,540
Carrboro High School	75,000	75,000	-	75,000
Carrboro Arts Wing	4,048,028	4,046,647	1,380	4,048,027
Abatement projects	435,576	267,536	24,464	292,000
ADA requirements	200,505	141,371	-	141,371
ATH facilities/playgrounds	590,000	290,607	299,393	590,000
Emergency efficiency renovations	300,000	-	-	-
Classroom/academic improvements	785,682	490,617	253,936	744,553
Doors, hardware, canopies	158,000	50,000	37,610	87,610
Electrical systems	489,740	340,906	86,286	427,192
Fire, safety, and security	480,000	228,426	167,640	396,066
Indoor air quality	501,340	414,560	39,527	454,087
Mechanical systems	1,749,570	1,154,797	482,654	1,637,451
Mobile classrooms	497,696	335,278	123,424	458,702
Parking lot improvements	320,000	18,415	249,498	267,913
Planning for future projects	450,000	-	444,575	444,575
Roofing projects	5,360,009	3,266,397	2,035,483	5,301,880
Bathroom renovations	193,406	-	193,406	193,406
Technology	5,586,433	3,977,003	1,609,042	5,586,045
Window replacements	353,658	308,031	19,453	327,484
Total Chapel Hill Carrboro Schools	<u>46,061,339</u>	<u>19,678,306</u>	<u>22,483,355</u>	<u>42,161,661</u>
Other expenditures	<u>60,000</u>	<u>39,115</u>	<u>4,100</u>	<u>43,215</u>
Total expenditures	<u>60,911,441</u>	<u>29,852,419</u>	<u>23,662,461</u>	<u>53,514,880</u>
Revenues over (under) expenditures	<u>(57,779,302)</u>	<u>(26,221,340)</u>	<u>(23,585,085)</u>	<u>(49,806,425)</u>
<b>Other Financing Sources (Uses):</b>				
Bonds issuance	14,170,874	14,170,873	-	14,170,873
Installment loan insurance	21,500,000	32,426,288	-	32,426,288
Transfers in	22,060,683	5,453,620	5,120,984	10,574,604
Appropriated fund balance	<u>47,745</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>57,779,302</u>	<u>52,050,781</u>	<u>5,120,984</u>	<u>57,171,765</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 25,829,441</u>	<u>(18,464,101)</u>	<u>\$ 7,365,340</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>25,829,441</u>	
End of year - June 30			<u>\$ 7,365,340</u>	

## Nonmajor Governmental Funds

### Capital Project Funds:

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

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

### Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

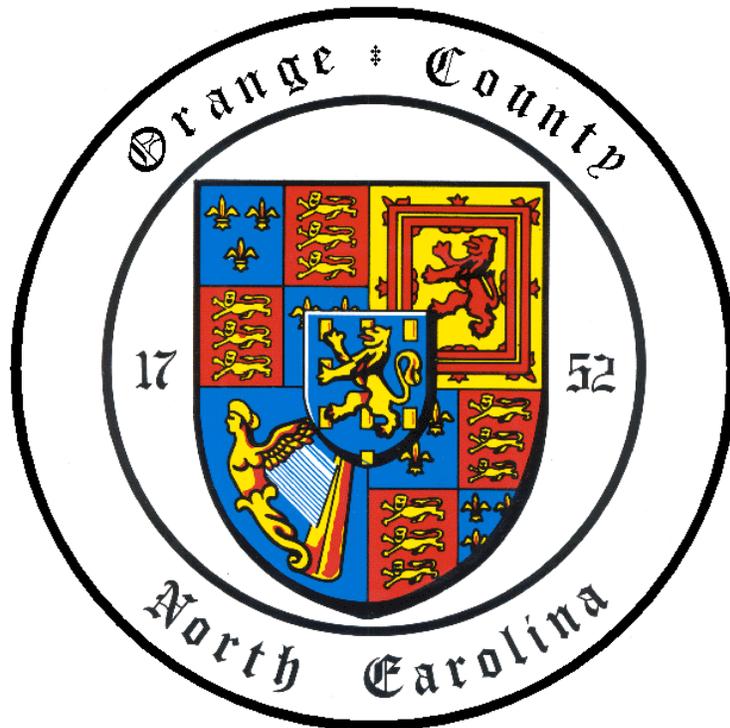
**Library Development Fund** -accounts for donations made by private individuals for use in the County library.

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

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

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

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



## ORANGE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013

	<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>Assets:</b>			
Cash and investments	\$ 145,835	\$ 7,949,480	\$ 8,095,315
Account receivable:			
Property taxes, net	-	167,529	167,529
State	-	898,308	898,308
Other	-	2,355,522	2,355,522
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 145,835</u>	<u>\$ 11,370,839</u>	<u>\$ 11,516,674</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ 182,031	\$ 182,031
Due to other funds	-	421,991	421,991
Advances from grantors	-	14,725	14,725
Prepaid fees	-	1,479	1,479
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>620,226</u>	<u>620,226</u>
<b>Deferred Inflows of Resources:</b>			
Note receivable	-	1,000,000	1,000,000
Grant receivable	-	26,751	26,751
Property taxes receivable	-	167,529	167,529
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>-</u>	<u>1,194,280</u>	<u>1,194,280</u>
<b>Fund Balances:</b>			
Restricted for:			
Stabilization for State statute	-	2,227,079	2,227,079
Restricted, all other	-	2,301,999	2,301,999
Committed:	145,835	741,703	887,538
Assigned	-	4,757,926	4,757,926
Unassigned	-	(472,374)	(472,374)
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>145,835</u>	<u>9,556,333</u>	<u>9,702,168</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 145,835</u>	<u>\$ 11,370,839</u>	<u>\$ 11,516,674</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, 2013**

	<b>Nonmajor Capital Project Funds</b>	<b>Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Property taxes	\$ -	\$ 4,780,355	\$ 4,780,355
Article 46 sales tax	-	2,732,718	2,732,718
Intergovernmental revenues	-	5,506,017	5,506,017
Charges for services	-	629,284	629,284
Investment earnings	75	5,035	5,110
Impact fees	-	2,021,204	2,021,204
Asset management	-	20,955	20,955
Miscellaneous	-	271,556	271,556
Total revenues	<u>75</u>	<u>15,967,124</u>	<u>15,967,199</u>
<b>Expenditures:</b>			
Current:			
General services	-	1,154,098	1,154,098
Community and environment	-	6,082,092	6,082,092
Human services	-	261,927	261,927
Education	-	541,241	541,241
Public safety	-	4,328,546	4,328,546
Total expenditures	<u>-</u>	<u>12,367,904</u>	<u>12,367,904</u>
Revenues over (under) expenditures	<u>75</u>	<u>3,599,220</u>	<u>3,599,295</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	1,271,980	1,271,980
Transfer out	-	(2,456,504)	(2,456,504)
Total other financing sources (uses)	<u>-</u>	<u>(1,184,524)</u>	<u>(1,184,524)</u>
Net change in fund balances	75	2,414,696	2,414,771
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>145,760</u>	<u>7,141,637</u>	<u>7,287,397</u>
End of year - June 30	<u>\$ 145,835</u>	<u>\$ 9,556,333</u>	<u>\$ 9,702,168</u>

## ORANGE COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013

	<b>School Capital Reserve Fund</b>	<b>County Capital Reserve Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and investments	\$ 113,352	\$ 32,483	\$ 145,835
Total assets	<u>\$ 113,352</u>	<u>\$ 32,483</u>	<u>\$ 145,835</u>
<b>Fund Balances:</b>			
Committed:			
Education	\$ 113,352	\$ -	\$ 113,352
Governing and management	<u>-</u>	<u>32,483</u>	<u>32,483</u>
Total fund balances	<u>113,352</u>	<u>32,483</u>	<u>145,835</u>
Total liabilities and fund balances	<u>\$ 113,352</u>	<u>\$ 32,483</u>	<u>\$ 145,835</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, 2013**

	<u>School Capital Reserve Fund</u>	<u>County Capital Reserve Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>Revenues:</b>			
Investment earnings	\$ 58	\$ 17	\$ 75
Total revenues	<u>58</u>	<u>17</u>	<u>75</u>
Net change in fund balances	58	17	75
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>113,294</u>	<u>32,466</u>	<u>145,760</u>
End of year - June 30	<u>\$ 113,352</u>	<u>\$ 32,483</u>	<u>\$ 145,835</u>

## ORANGE COUNTY, NORTH CAROLINA

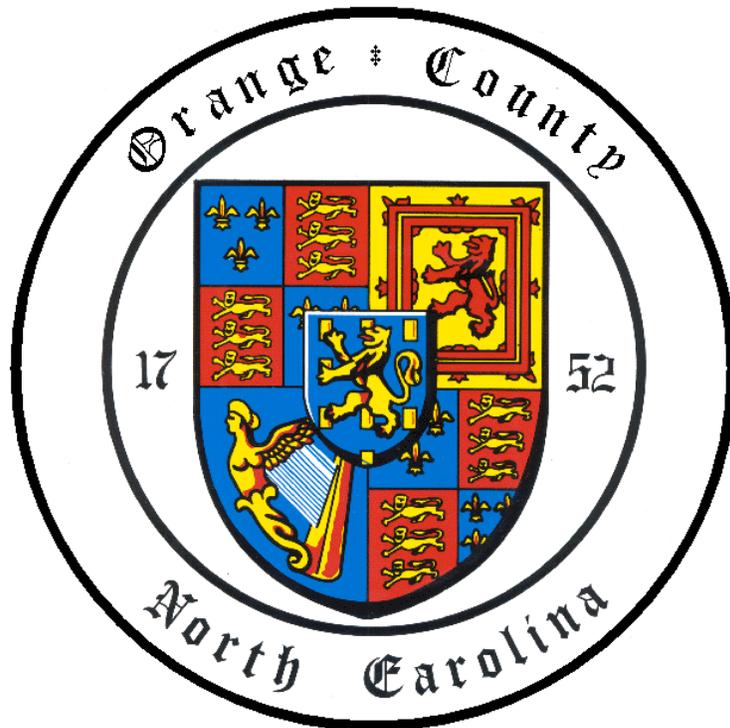
SCHOOL CAPITAL RESERVE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 58	\$ 58
Total revenues	<u>-</u>	<u>58</u>	<u>58</u>
Net change in fund balance	<u>\$ -</u>	58	<u>\$ 58</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>113,294</u>	
End of year - June 30		<u>\$ 113,352</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, 2013

	<u>2013</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 17	\$ 17
Total revenues	<u>-</u>	<u>17</u>	<u>17</u>
Net change in fund balance	<u>\$ -</u>	17	<u>\$ 17</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>32,466</u>	
End of year - June 30		<u>\$ 32,483</u>	



**ORANGE COUNTY, NORTH CAROLINA**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	<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	\$ 2,039,169	\$ -	\$ 594,015	\$ 127,722	\$ 696,643	\$ 741,850	\$ 451,053
Account receivable:							
Property taxes, net	-	-	-	-	-	-	-
State	-	-	-	-	-	84,371	-
Other	<u>667,173</u>	<u>1,540,916</u>	<u>5,982</u>	<u>26,751</u>	<u>12,312</u>	<u>-</u>	<u>102,388</u>
Total assets	<u>\$ 2,706,342</u>	<u>\$ 1,540,916</u>	<u>\$ 599,997</u>	<u>\$ 154,473</u>	<u>\$ 708,955</u>	<u>\$ 826,221</u>	<u>\$ 553,441</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ -	\$ 50,383	\$ 27,700	\$ 25,598	\$ 5,794	\$ 17,791	\$ 51,870
Due to other funds	-	421,991	-	-	-	-	-
Advances from grantors	-	-	-	14,725	-	-	-
Prepaid fees	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>472,374</u>	<u>27,700</u>	<u>40,323</u>	<u>5,794</u>	<u>17,791</u>	<u>51,870</u>
<b>Deferred Inflows of Resources:</b>							
Note receivable	-	1,000,000	-	-	-	-	-
Grant receivable	-	-	-	26,751	-	-	-
Property taxes receivable	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>26,751</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>							
Restricted:							
Stabilization by State statute	667,173	540,916	5,982	-	12,312	84,371	102,388
Restricted, all other	-	-	566,315	87,399	-	724,059	399,183
Committed	-	-	-	-	690,849	-	-
Assigned	2,039,169	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>(472,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,706,342</u>	<u>68,542</u>	<u>572,297</u>	<u>87,399</u>	<u>703,161</u>	<u>808,430</u>	<u>501,571</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,706,342</u>	<u>\$ 1,540,916</u>	<u>\$ 599,997</u>	<u>\$ 154,473</u>	<u>\$ 708,955</u>	<u>\$ 826,221</u>	<u>\$ 553,441</u>

Schedule D-1

Local Fire Districts	Heusner	Library Development	Adoption Enhancement	Recreation Subdivision	Article 46 Sales Tax	Spay Neuter	Total Nonmajor Special Revenue Funds
\$ 525,043	\$ 9,154	\$ 139,012	\$ 52,633	\$ 478,121	1,989,098	\$ 105,967	\$ 7,949,480
167,529	-	-	-	-	-	-	167,529
-	-	-	-	-	813,937	-	898,308
-	-	-	-	-	-	-	2,355,522
<u>\$ 692,572</u>	<u>\$ 9,154</u>	<u>\$ 139,012</u>	<u>\$ 52,633</u>	<u>\$ 478,121</u>	<u>\$ 2,803,035</u>	<u>\$ 105,967</u>	<u>\$ 11,370,839</u>
\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 2,595	\$ 182,031
-	-	-	-	-	-	-	421,991
-	-	-	-	-	-	-	14,725
-	-	-	1,479	-	-	-	1,479
-	-	-	1,779	-	-	2,595	620,226
-	-	-	-	-	-	-	1,000,000
-	-	-	-	-	-	-	26,751
167,529	-	-	-	-	-	-	167,529
167,529	-	-	-	-	-	-	1,194,280
-	-	-	-	-	813,937	-	2,227,079
525,043	-	-	-	-	-	-	2,301,999
-	-	-	50,854	-	-	-	741,703
-	9,154	139,012	-	478,121	1,989,098	103,372	4,757,926
-	-	-	-	-	-	-	(472,374)
<u>525,043</u>	<u>9,154</u>	<u>139,012</u>	<u>50,854</u>	<u>478,121</u>	<u>2,803,035</u>	<u>103,372</u>	<u>9,556,333</u>
<u>\$ 692,572</u>	<u>\$ 9,154</u>	<u>\$ 139,012</u>	<u>\$ 52,633</u>	<u>\$ 478,121</u>	<u>\$ 2,803,035</u>	<u>\$ 105,967</u>	<u>\$ 11,370,839</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, 2013**

	<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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,049,597
Article 46 sales tax	-	-	-	-	-	-	-
Intergovernmental revenues	-	798,758	4,181,450	129,913	365,414	-	30,482
Charges for services	-	-	-	69,177	-	506,224	-
Investment earnings	1,301	-	236	-	-	386	1,863
Impact fees	2,021,204	-	-	-	-	-	-
Asset management	-	-	-	20,955	-	-	-
Miscellaneous	-	29,318	28,903	-	-	-	175,237
Total revenues	<u>2,022,505</u>	<u>828,076</u>	<u>4,210,589</u>	<u>220,045</u>	<u>365,414</u>	<u>506,610</u>	<u>1,257,179</u>
<b>Expenditures:</b>							
Current:							
General services	-	1,154,098	-	-	-	-	-
Community and environment	-	-	4,294,027	315,006	6,100	-	1,332,362
Human services	-	-	-	-	226,312	-	-
Education	-	-	-	-	-	-	-
Public safety	-	-	-	-	111,185	538,860	-
Total expenditures	<u>-</u>	<u>1,154,098</u>	<u>4,294,027</u>	<u>315,006</u>	<u>343,597</u>	<u>538,860</u>	<u>1,332,362</u>
Revenues over (under) expenditures	<u>2,022,505</u>	<u>(326,022)</u>	<u>(83,438)</u>	<u>(94,961)</u>	<u>21,817</u>	<u>(32,250)</u>	<u>(75,183)</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	209,080	87,319	71,214	-	904,367	-
Transfer out	<u>(1,840,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(616,504)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,840,000)</u>	<u>209,080</u>	<u>87,319</u>	<u>71,214</u>	<u>-</u>	<u>287,863</u>	<u>-</u>
Net change in fund balances	182,505	(116,942)	3,881	(23,747)	21,817	255,613	(75,183)
<b>Fund Balances:</b>							
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 2,706,342</u>	<u>\$ 68,542</u>	<u>\$ 572,297</u>	<u>\$ 87,399</u>	<u>\$ 703,161</u>	<u>\$ 808,430</u>	<u>\$ 501,571</u>

Schedule D-2

Local Fire Districts	Heusner	Library Development	Adoption Enhancement	Recreation Subdivision	Article 46 Sales Tax	Spay Neuter	Total Nonmajor Special Revenue Funds
\$ 3,730,758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,780,355
-	-	-	-	-	2,732,718	-	2,732,718
-	-	-	-	-	-	-	5,506,017
-	-	-	25,329	-	-	28,554	629,284
291	4	7	30	238	625	54	5,035
-	-	-	-	-	-	-	2,021,204
-	-	-	-	-	-	-	20,955
-	-	-	-	6,370	-	31,728	271,556
<u>3,731,049</u>	<u>4</u>	<u>7</u>	<u>25,359</u>	<u>6,608</u>	<u>2,733,343</u>	<u>60,336</u>	<u>15,967,124</u>
-	-	-	-	-	-	-	1,154,098
-	-	-	-	-	78,730	55,867	6,082,092
-	-	-	35,615	-	-	-	261,927
-	-	-	-	-	541,241	-	541,241
<u>3,678,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,328,546</u>
<u>3,678,501</u>	<u>-</u>	<u>-</u>	<u>35,615</u>	<u>-</u>	<u>619,971</u>	<u>55,867</u>	<u>12,367,904</u>
<u>52,548</u>	<u>4</u>	<u>7</u>	<u>(10,256)</u>	<u>6,608</u>	<u>2,113,372</u>	<u>4,469</u>	<u>3,599,220</u>
-	-	-	-	-	-	-	1,271,980
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,456,504)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,184,524)</u>
<u>52,548</u>	<u>4</u>	<u>7</u>	<u>(10,256)</u>	<u>6,608</u>	<u>2,113,372</u>	<u>4,469</u>	<u>2,414,696</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>98,903</u>	<u>7,141,637</u>
<u>\$ 525,043</u>	<u>\$ 9,154</u>	<u>\$ 139,012</u>	<u>\$ 50,854</u>	<u>\$ 478,121</u>	<u>\$ 2,803,035</u>	<u>\$ 103,372</u>	<u>\$ 9,556,333</u>

## 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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Impact Fees:</b>			
Fees - Orange County Schools	\$ 520,000	\$ 1,002,583	\$ 482,583
Fees - Chapel Hill, Carrboro	<u>520,000</u>	<u>1,018,621</u>	<u>498,621</u>
Total impact fees	<u>1,040,000</u>	<u>2,021,204</u>	<u>981,204</u>
<b>Investments Earnings:</b>			
Orange County Schools	-	751	751
Chapel Hill, Carrboro Schools	<u>-</u>	<u>550</u>	<u>550</u>
Total investment earnings	<u>-</u>	<u>1,301</u>	<u>1,301</u>
Total revenues	1,040,000	2,022,505	982,505
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(1,040,000)</u>	<u>(1,840,000)</u>	<u>(800,000)</u>
Total other financing sources (uses)	<u>(1,040,000)</u>	<u>(1,840,000)</u>	<u>(800,000)</u>
Net change in fund balance	<u>\$ -</u>	182,505	<u>\$ 182,505</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>2,523,837</u>	
End of year - June 30		<u>\$ 2,706,342</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, 2013**

	Budget to Date	Actual		
		Reported in Prior Year	Current Year	Total to Date
<b>Revenues:</b>				
HUD grants	\$ 10,748,966	\$ 9,341,754	\$ 221,962	\$ 9,563,716
CDBG grants:				
Scattered site	1,300,000	581,249	505,883	1,087,132
HOME partnership	803,600	803,600	-	803,600
IDA	95,000	65,000	-	65,000
Hookup Grant	75,000	61,219	4	61,223
Investment earnings	1,000	8,394	-	8,394
Program income - HOME	1,869,767	1,087,546	70,909	1,158,455
Other	231,140	106,358	29,318	135,676
Total revenues	<u>15,124,473</u>	<u>12,055,120</u>	<u>828,076</u>	<u>12,883,196</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	2,701,107	5,403,799	402,750	5,806,549
Rehabilitation - HOME partnership	366,158	681,913	68,375	750,288
Rehabilitation - scattered site	800,000	440,967	184,486	625,453
Affordable housing - impact fee reimbursement	990,653	3,438,697	-	3,438,697
Affordable housing - HOME partnership	12,848,088	3,181,633	498,487	3,680,120
Public facilities improvement - HOME partnership	803,600	197,098	-	197,098
Administration - Hookup	75,000	61,219	-	61,219
Total expenditures	<u>18,754,606</u>	<u>15,307,942</u>	<u>1,154,098</u>	<u>16,462,040</u>
Revenues over (under) expenditures	<u>(3,630,133)</u>	<u>(3,252,822)</u>	<u>(326,022)</u>	<u>(3,578,844)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,616,167	4,225,397	209,080	4,434,477
Transfers out	-	(787,091)	-	(787,091)
Appropriated fund balance	13,966	-	-	-
Total other financing sources (uses)	<u>3,630,133</u>	<u>3,438,306</u>	<u>209,080</u>	<u>3,647,386</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 185,484</u>	<u>(116,942)</u>	<u>\$ 68,542</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>185,484</u>	
End of year - June 30			<u>\$ 68,542</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Federal grants:			
Housing vouchers	\$ 4,130,645	\$ 4,181,450	\$ 50,805
Investment earnings	-	236	236
Miscellaneous	-	28,903	28,903
Total revenues	<u>4,130,645</u>	<u>4,210,589</u>	<u>79,944</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Housing vouchers:			
Administration	598,173	495,695	102,478
Assistance payments	<u>3,619,791</u>	<u>3,798,332</u>	<u>(178,541)</u>
Total expenditures	<u>4,217,964</u>	<u>4,294,027</u>	<u>(76,063)</u>
Revenues over (under) expenditures	(87,319)	(83,438)	3,881
<b>Other Financing Sources (Uses):</b>			
Transfers in (out)	<u>87,319</u>	<u>87,319</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	3,881	<u>\$ 3,881</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>568,416</u>	
End of year - June 30		<u>\$ 572,297</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Health grants	\$ 64,996	\$ 65,031	\$ 35
Aging	54,000	53,152	(848)
Sheriff	24,904	11,730	(13,174)
Charges for services	80,000	69,177	(10,823)
Asset management	<u>-</u>	<u>20,955</u>	<u>20,955</u>
Total revenues	<u>223,900</u>	<u>220,045</u>	<u>(3,855)</u>
<b>Expenditures:</b>			
<b>Asset Management:</b>			
Operating	20,955	20,955	-
<b>Health:</b>			
Personnel services	-	1,899	(1,899)
Operating	16,598	17,583	(985)
<b>Aging:</b>			
Personnel services	125,635	110,671	14,964
Operating	108,008	100,108	7,900
<b>EMS:</b>			
Personnel services	54,514	56,046	(1,532)
Operating	<u>-</u>	<u>7,744</u>	<u>(7,744)</u>
Total expenditures	<u>325,710</u>	<u>315,006</u>	<u>10,704</u>
Revenues over (under) expenditures	<u>(101,810)</u>	<u>(94,961)</u>	<u>6,849</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	71,214	71,214	-
Appropriated fund balance	<u>30,596</u>	<u>-</u>	<u>(30,596)</u>
Total other financing sources (uses)	<u>101,810</u>	<u>71,214</u>	<u>(30,596)</u>
Net change in fund balance	<u>\$ -</u>	<u>(23,747)</u>	<u>\$ (23,747)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>111,146</u>	
End of year - June 30		<u>\$ 87,399</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, 2013

	Budget to Date	Actual		Total to Date
		Reported in Prior Year	Current Year	
<b>Revenues:</b>				
Social Services grants	\$ 1,488,163	\$ 1,201,350	\$ 73,919	\$ 1,275,269
Health grants	2,833,707	2,207,628	83,392	2,291,020
Cooperative extension	361,971	182,595	19,818	202,413
Aging	473,526	(363)	-	(363)
Emergency management grants	3,034,223	1,445,889	84,485	1,530,374
Sheriff	3,015,347	2,872,454	-	2,872,454
Planning	727,199	568,535	103,800	672,335
Library	96,584	14,971	-	14,971
Total revenues	<u>12,030,720</u>	<u>8,493,059</u>	<u>365,414</u>	<u>8,858,473</u>
<b>Expenditures:</b>				
<b>Community and Environment:</b>				
Operating	-	50,873	-	50,873
<b>Social Services:</b>				
Personnel services	406,707	238,432	17,827	256,259
Operating	961,256	777,082	103,288	880,370
<b>Health:</b>				
Personnel services	1,945,940	1,569,813	55,369	1,625,182
Operating	1,246,050	618,146	49,828	667,974
<b>Cooperative extension:</b>				
Personnel services	143,669	162,470	-	162,470
Operating	218,302	138,703	6,100	144,803
<b>Aging:</b>				
Personnel services	239,327	-	-	-
Operating	234,199	17,806	-	17,806
<b>EMS:</b>				
Personnel services	-	87,782	-	87,782
Operating	3,372,513	3,244,653	53,145	3,297,798
<b>Sheriff:</b>				
Personnel services	2,148,067	209,729	-	209,729
Operating	1,373,859	1,032,544	1,189	1,033,733
<b>Planning:</b>				
Personnel services	538,077	305,472	-	305,472
Operating	612,799	366,412	56,851	423,263
<b>Library:</b>				
Operating	15,113	15,099	-	15,099
Total expenditures	<u>13,455,878</u>	<u>8,835,016</u>	<u>343,597</u>	<u>9,178,613</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, 2013**

	<b>Budget to Date</b>	<b>Reported in Prior Year</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
Revenues over (under) expenditures	<u>(1,425,158)</u>	<u>(341,957)</u>	<u>21,817</u>	<u>(320,140)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to General Fund	(106,601)	(24,917)	-	(24,917)
Transfers in	<u>1,531,759</u>	<u>1,048,218</u>	-	<u>1,048,218</u>
Total other financing sources (uses)	<u>1,425,158</u>	<u>1,023,301</u>	-	<u>1,023,301</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 681,344</u>	21,817	<u>\$ 703,161</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>681,344</u>	
End of year - June 30			<u>\$ 703,161</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 386	\$ 386
Subscriber fees	490,672	506,224	15,552
Total revenues	<u>490,672</u>	<u>506,610</u>	<u>15,938</u>
<b>Expenditures:</b>			
Personnel services	138,706	141,721	(3,015)
Operations	291,966	258,560	33,406
Capital outlay	1,118,607	138,579	980,028
Total expenditures	<u>1,549,279</u>	<u>538,860</u>	<u>1,010,419</u>
Revenues over (under) expenditures	<u>(1,058,607)</u>	<u>(32,250)</u>	<u>(994,481)</u>
<b>Other Financing Sources (Uses):</b>			
Transfer to County Capital Project Fund	(616,504)	(616,504)	-
Transfer from General Fund	904,367	904,367	-
Appropriated fund balance	770,744	-	(770,744)
Total other financing sources (uses)	<u>1,058,607</u>	<u>287,863</u>	<u>(770,744)</u>
Net change in fund balance	<u>\$ -</u>	255,613	<u>\$ 255,613</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>552,817</u>	
End of year - June 30		<u>\$ 808,430</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Occupancy tax	\$ 959,518	\$ 1,049,597	\$ 90,079
State Arts Grant	30,482	30,482	-
Investment earnings	2,300	1,863	(437)
Other	176,000	175,237	(763)
Total revenues	<u>1,168,300</u>	<u>1,257,179</u>	<u>88,879</u>
<b>Expenditures:</b>			
Community and environment Operations	947,822	926,646	21,176
Personnel services	392,948	403,188	(10,240)
Capital outlay	2,530	2,528	(2)
Total expenditures	<u>1,343,300</u>	<u>1,332,362</u>	<u>10,936</u>
Revenues over (under) expenditures	(175,000)	(75,183)	99,815
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>175,000</u>	-	<u>(175,000)</u>
Net change in fund balance	<u>\$ -</u>	(75,183)	<u>\$ (75,185)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>576,754</u>	
End of year - June 30		<u>\$ 501,571</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Property taxes, current	\$ 3,568,403	\$ 3,673,100	\$ 104,697
Property taxes, delinquent	39,545	57,658	18,113
NCDOT Grant	25,000	-	(25,000)
Investment earnings	695	291	(404)
Total revenues	<u>3,633,643</u>	<u>3,731,049</u>	<u>97,406</u>
<b>Expenditures:</b>			
<b>Public Safety:</b>			
Remittance to fire districts	<u>3,703,461</u>	<u>3,678,501</u>	<u>24,960</u>
Total expenditures	<u>3,703,461</u>	<u>3,678,501</u>	<u>24,960</u>
Revenues over (under) expenditures	(69,818)	52,548	122,366
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>69,818</u>	<u>-</u>	<u>(69,818)</u>
Net change in fund balance	<u>\$ -</u>	<u>52,548</u>	<u>\$ 52,548</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>472,495</u>	
End of year - June 30		<u>\$ 525,043</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 4	\$ 4
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>9,150</u>	
End of year - June 30		<u>\$ 9,154</u>	

## ORANGE COUNTY, NORTH CAROLINA

LIBRARY DEVELOPMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 7	\$ 7
Net change in fund balance	<u>\$ -</u>	7	<u>\$ 7</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>139,005</u>	
End of year - June 30		<u>\$ 139,012</u>	

## ORANGE COUNTY, NORTH CAROLINA

## ADOPTION ENHANCEMENT FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Budget to Date	Actual		Total to Date
		Reported in Prior Year	Current Year	
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 17,181	\$ 30	\$ 17,211
Charges for services	<u>467,786</u>	<u>452,482</u>	<u>25,329</u>	<u>477,811</u>
Total revenues	<u>467,786</u>	<u>469,663</u>	<u>25,359</u>	<u>495,022</u>
<b>Expenditures:</b>				
Adoption enhancement	<u>544,731</u>	<u>485,498</u>	<u>35,615</u>	<u>521,113</u>
Total expenditures	<u>544,731</u>	<u>485,498</u>	<u>35,615</u>	<u>521,113</u>
Revenues over (under) expenditures	(76,945)	(15,835)	(10,256)	(26,091)
<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>\$ 61,110</u>	<u>(10,256)</u>	<u>\$ 50,854</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>61,110</u>	
End of year - June 30			<u>\$ 50,854</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 238	\$ 238
Subdivision payments	-	<u>6,370</u>	<u>6,370</u>
Total revenues	-	<u>6,608</u>	<u>6,608</u>
Net change in fund balance	<u>\$ -</u>	6,608	<u>\$ 6,608</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>471,513</u>	
End of year - June 30		<u>\$ 478,121</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 625	\$ 625
Article 46 sales tax	3,125,000	2,732,718	(392,282)
Total revenues	<u>3,125,000</u>	<u>2,733,343</u>	<u>(391,657)</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Economic Development	1,562,500	78,730	1,483,770
<b>Education:</b>			
Renovation - Chapel Hill Carrboro Schools	95,000	51,241	43,759
Technology - Chapel Hill Carrboro Schools	855,625	-	855,625
Technology - Chapel Hill Orange County Schools	611,875	490,000	121,875
Total expenditures	<u>3,125,000</u>	<u>619,971</u>	<u>2,505,029</u>
Net change in fund balance	<u>\$ -</u>	2,113,372	<u>\$ 2,113,372</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>689,663</u>	
End of year - June 30		<u>\$ 2,803,035</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 54	\$ 54
Animal tax	31,000	28,554	(2,446)
Donations	2,000	3,353	1,353
Miscellaneous revenues	20,000	28,375	8,375
Total revenues	<u>53,000</u>	<u>60,336</u>	<u>7,336</u>
<b>Expenditures:</b>			
<b>Community and Environment:</b>			
Personnel Services	10,241	10,521	(280)
Operations	65,121	45,346	19,775
Total expenditures	<u>75,362</u>	<u>55,867</u>	<u>19,495</u>
Revenues over (under) expenditures	(22,362)	4,469	26,831
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>22,362</u>	<u>-</u>	<u>(22,362)</u>
Net change in fund balance	<u>\$ -</u>	<u>4,469</u>	<u>\$ 4,469</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>98,903</u>	
End of year - June 30		<u>\$ 103,372</u>	

## **Enterprise Funds**

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

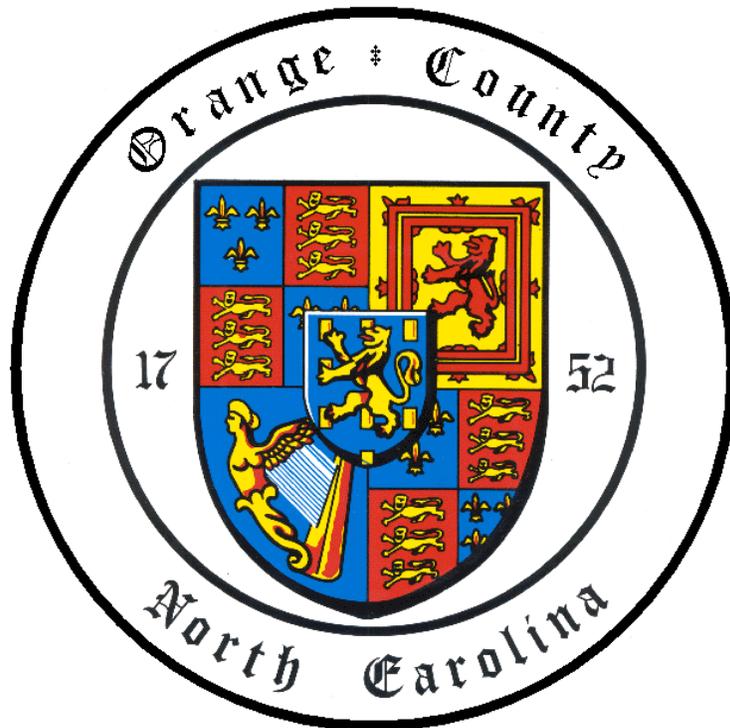
### **Major Enterprise Funds**

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

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

### **Nonmajor Enterprise Fund**

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



## ORANGE COUNTY, NORTH CAROLINA

**SOLID WASTE LANDFILL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Over/Under</u>
<b>Revenues:</b>			
Landfill fees	\$ 2,716,858	\$ 2,608,879	\$ (107,979)
Sanitation fees	651,461	667,314	15,853
Recycling	4,355,324	4,700,548	345,224
Mulch sales	105,000	139,329	34,329
Grants - State	475,622	466,966	(8,656)
Other	-	3,429	3,429
Investment earnings	7,500	9,535	2,035
Gain on disposal of fixed assets	72,500	7,077	(65,423)
Total revenues	<u>8,384,265</u>	<u>8,603,077</u>	<u>218,812</u>
<b>Expenditures:</b>			
Administration	1,749,624	1,588,001	161,623
Landfill	6,106,117	2,080,953	4,025,164
Recycling	4,032,051	2,735,966	1,296,085
Sanitation	4,704,886	2,580,353	2,124,533
Total expenditures	<u>16,592,678</u>	<u>8,985,273</u>	<u>7,607,405</u>
Revenues over (under) expenditures	<u>(8,208,413)</u>	<u>(382,196)</u>	<u>7,826,217</u>
<b>Other Financing Sources (Uses):</b>			
Debt service, proceeds	216,650	-	(216,650)
Debt service - principal	(603,380)	(513,683)	89,697
Debt service - interest	-	(189,064)	(189,064)
Transfers in	2,239,795	1,594,226	(645,569)
Capital contributions	2,734,325	-	(2,734,325)
Appropriated fund balance	3,621,023	-	(3,621,023)
Total other financing sources (uses)	<u>8,208,413</u>	<u>891,479</u>	<u>(7,316,934)</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 509,283</u>	<u>\$ 509,283</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 509,283	
Reconciling items:			
Depreciation		(653,716)	
Post-closing cost		781,792	
OPEB		(62,802)	
Capital outlay		2,216,533	
Debt service - principal		<u>513,683</u>	
Change in net position		<u>\$ 3,304,773</u>	

## ORANGE COUNTY, NORTH CAROLINA

**SPORTSPLEX FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Service fees	\$ 2,638,360	\$ 2,925,628	\$ (287,268)
Total revenues	<u>2,638,360</u>	<u>2,925,628</u>	<u>(287,268)</u>
<b>Expenditures:</b>			
Operations	2,952,195	2,593,826	358,369
Capital outlay	<u>574,000</u>	<u>387,179</u>	<u>186,821</u>
Total operating expenditures	<u>3,526,195</u>	<u>2,981,005</u>	<u>545,190</u>
Revenues over (under) expenditures	<u>(887,835)</u>	<u>(55,377)</u>	<u>(832,458)</u>
<b>Other Financing Sources (Uses):</b>			
Debt service, principal	(618,619)	(514,137)	(104,482)
Debt service, interest	-	(169,630)	169,630
Transfers in	618,619	618,619	-
Appropriated fund balance	<u>887,835</u>	<u>-</u>	<u>887,835</u>
Total other financing sources (uses)	<u>887,835</u>	<u>(65,148)</u>	<u>952,983</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ (120,525)</u>	<u>\$ (120,525)</u>

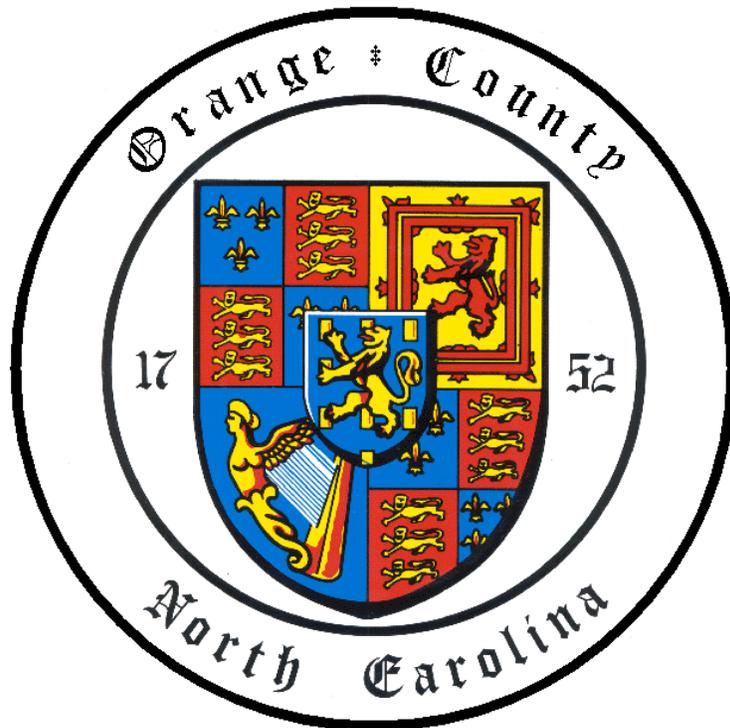
**Reconciliation of Modified Accrual Basis to Full Accrual Basis:****SportsPlex Operating Fund:**

Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (120,525)</u>
Reconciling items:	
Depreciation expense	(257,170)
Capital outlay	387,179
Debt service	<u>514,137</u>
Total reconciling items	<u>644,146</u>
Change in net position	<u>\$ 523,621</u>

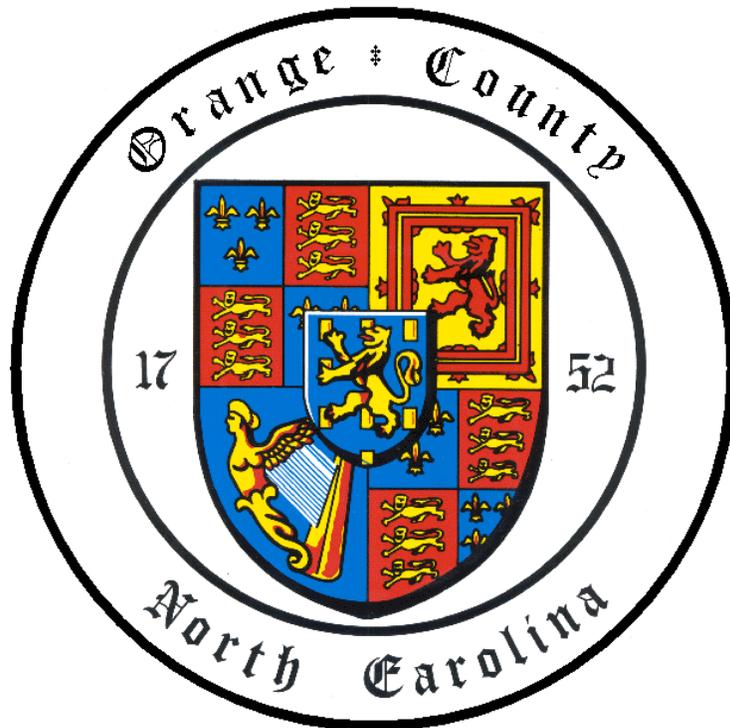
## ORANGE COUNTY, NORTH CAROLINA

**EFLAND SEWER OPERATING FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Actual</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Service fees	\$ 203,600	\$ 148,934	\$ (54,666)
Interest on investments	-	89	89
Total revenues	<u>203,600</u>	<u>149,023</u>	<u>(54,577)</u>
<b>Expenditures:</b>			
Operations	250,650	224,445	26,205
Repairs and maintenance	52,000	21,990	30,010
Total expenditures	<u>302,650</u>	<u>246,435</u>	<u>56,215</u>
Revenues over (under) expenditures	(99,050)	(97,412)	1,638
<b>Other Financing Sources (Uses):</b>			
Transfers in	<u>99,050</u>	<u>99,050</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 1,638</u>	<u>\$ 1,638</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		\$ 1,638	
Reconciling items:			
Depreciation expense		<u>(87,133)</u>	
Change in net position		<u>\$ (85,495)</u>	



## **Internal Service Funds**



## ORANGE COUNTY, NORTH CAROLINA

**DENTAL INSURANCE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Operating Revenues:</b>			
Employee contributions	\$ 450,000	\$ 440,951	\$ (9,049)
<b>Operating Expenditures:</b>			
General and administrative	50,000	28,014	21,986
Claims expense	450,000	447,977	2,023
Total operating expenditures	<u>500,000</u>	<u>475,991</u>	<u>24,009</u>
.			
Operating income (loss)	<u>(50,000)</u>	<u>(35,040)</u>	<u>14,960</u>
<b>Non-Operating Revenues:</b>			
Investment earnings	<u>-</u>	<u>87</u>	<u>87</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Change in net position	<u>\$ -</u>	<u>(34,953)</u>	<u>\$ (34,953)</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>175,008</u>	
End of year - June 30		<u>\$ 140,055</u>	

## ORANGE COUNTY, NORTH CAROLINA

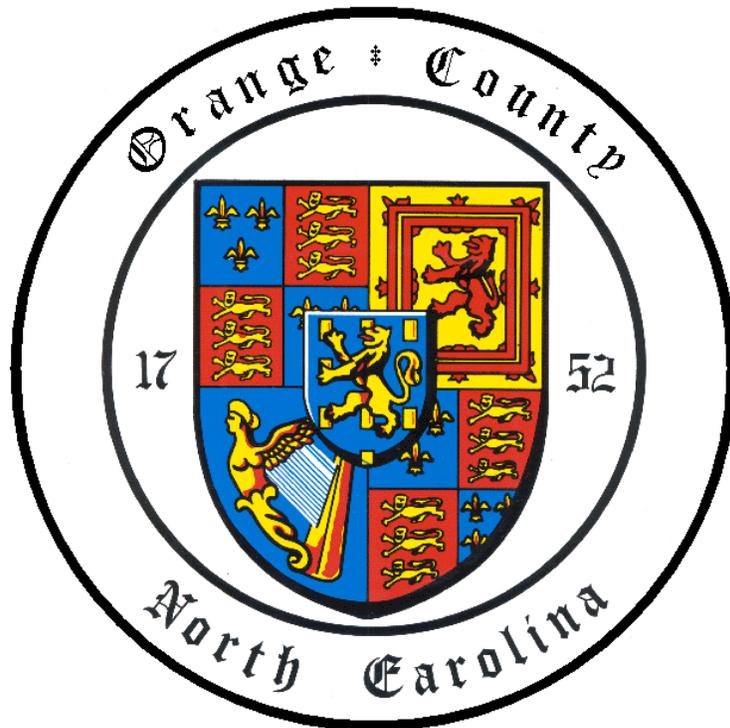
OPC RETIREE HEALTH INSURANCE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Non-Operating Expenses:</b>			
Contribution to other agency	\$ -	\$ (510,006)	\$ (510,006)
Change in net position	<u>\$ -</u>	(510,006)	<u>\$ (510,006)</u>
<b>Net Position:</b>			
Beginning of year - July 1		<u>510,006</u>	
End of year - June 30		<u>\$ -</u>	

## ORANGE COUNTY, NORTH CAROLINA

**VEHICLE REPLACEMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**FINANCIAL PLAN AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Operating Revenues:</b>			
Insurance claim refunds	\$ 54,470	\$ 15,567	\$ (38,903)
<b>Operating Expenditures:</b>			
General and administrative	694,973	30,664	664,309
Capital outlay	-	596,071	(596,071)
Total operating expenditures	<u>694,973</u>	<u>626,735</u>	<u>68,238</u>
Revenues over (under) expenditures	<u>(640,503)</u>	<u>(611,168)</u>	<u>29,335</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	108,044	108,044
Debt service - proceeds	<u>640,503</u>	<u>-</u>	<u>(640,503)</u>
Total other financing sources (uses)	<u>640,503</u>	<u>108,044</u>	<u>(532,459)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (503,124)</u>	<u>\$ (503,124)</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (503,124)	
Reconciling items:			
Depreciation		(92,947)	
Capital outlay		<u>596,071</u>	
Change in net position		<u>\$ -</u>	



## **Agency Funds**

**ORANGE COUNTY, NORTH CAROLINA**

**AGENCY FUNDS  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2013**

	<u>School District</u>	<u>Jail Inmate Trust</u>	<u>Cooperative Extension 4-H</u>	<u>Hyconeechee Regional Library</u>	<u>American Stone No Fault Well Repair</u>
<b>Assets:</b>					
Cash and investments	\$ 108,675	\$ 79,031	\$ 83,093	\$ -	\$ 130,305
Accounts receivable, property taxes	431,188	-	-	-	-
Total assets	<u>\$ 539,863</u>	<u>\$ 79,031</u>	<u>\$ 83,093</u>	<u>\$ -</u>	<u>\$ 130,305</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 539,863	\$ 79,031	\$ 2,564	\$ -	\$ 130,305
Due to other governments	-	-	-	-	-
Due to cooperative extension	-	-	80,529	-	-
Total liabilities	<u>\$ 539,863</u>	<u>\$ 79,031</u>	<u>\$ 83,093</u>	<u>\$ -</u>	<u>\$ 130,305</u>

<u>Communication Tower Trust</u>	<u>Motor Vehicle Tax</u>	<u>DSS Trust</u>	<u>Register of Deeds Trust Fee</u>	<u>Mental Health Insurance Fund</u>	<u>Piedmont Food and Agricultural Processing Center</u>	<u>Orange County Giving Fund</u>	<u>Totals</u>
\$ 5,114	\$ 5,784	\$ 55,421	\$ 13,057	\$ 803,925	\$ -	\$ 10,000	\$ 1,294,405
-	-	-	-	-	68,872	-	500,060
<u>\$ 5,114</u>	<u>\$ 5,784</u>	<u>\$ 55,421</u>	<u>\$ 13,057</u>	<u>\$ 803,925</u>	<u>\$ 68,872</u>	<u>\$ 10,000</u>	<u>\$ 1,794,465</u>
\$ 5,114	\$ 5,784	\$ 55,421	\$ 13,057	\$ 803,925	\$ -	\$ 10,000	\$ 1,645,064
-	-	-	-	-	68,872	-	68,872
-	-	-	-	-	-	-	80,529
<u>\$ 5,114</u>	<u>\$ 5,784</u>	<u>\$ 55,421</u>	<u>\$ 13,057</u>	<u>\$ 803,925</u>	<u>\$ 68,872</u>	<u>\$ 10,000</u>	<u>\$ 1,794,465</u>

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b><u>School District Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 59,573	\$ 19,717,990	\$ 19,668,888	\$ 108,675
Accounts receivable, property taxes	201,497	20,094,425	19,864,734	431,188
Total assets	<u>\$ 261,070</u>	<u>\$ 39,812,415</u>	<u>\$ 39,533,622</u>	<u>\$ 539,863</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 261,070</u>	<u>\$ 39,812,415</u>	<u>\$ 39,533,622</u>	<u>\$ 539,863</u>
<b><u>Jail Inmate Fund</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 98,181</u>	<u>\$ 21,078</u>	<u>\$ 40,228</u>	<u>\$ 79,031</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 98,181</u>	<u>\$ 21,078</u>	<u>\$ 40,228</u>	<u>\$ 79,031</u>
<b><u>Cooperative Extension 4-H Fund</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 72,346</u>	<u>\$ 49,473</u>	<u>\$ 38,726</u>	<u>\$ 83,093</u>
<b>Liabilities:</b>				
Accounts payable	\$ 4,537	\$ 34,157	\$ 36,130	\$ 2,564
Due to cooperative extension	67,809	20,244	7,524	80,529
Total liabilities	<u>\$ 72,346</u>	<u>\$ 54,401</u>	<u>\$ 43,654</u>	<u>\$ 83,093</u>
<b><u>Hyconeechee Regional Library Fund</u></b>				
<b>Assets:</b>				
Accounts receivable, other	<u>\$ 7,259</u>	<u>\$ -</u>	<u>\$ 7,259</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 7,259</u>	<u>\$ -</u>	<u>\$ 7,259</u>	<u>\$ -</u>
<b><u>American Stone No Fault Well Repair</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 121,093</u>	<u>\$ 15,060</u>	<u>\$ 5,848</u>	<u>\$ 130,305</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 121,093</u>	<u>\$ 15,060</u>	<u>\$ 5,848</u>	<u>\$ 130,305</u>
<b><u>Communication Tower Trust Fund</u></b>				
<b>Assets:</b>				
Cash and investments	<u>\$ 2,118</u>	<u>\$ 18,000</u>	<u>\$ 15,004</u>	<u>\$ 5,114</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ 2,118</u>	<u>\$ 18,000</u>	<u>\$ 15,004</u>	<u>\$ 5,114</u>

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2013

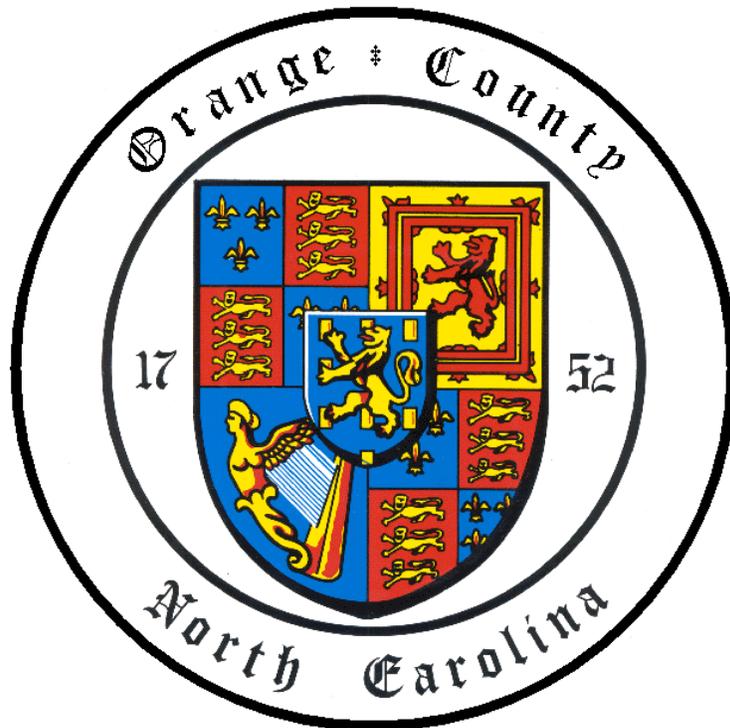
	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b><u>Motor Vehicle Tax</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 5,052	\$ 73,429	\$ 72,697	\$ 5,784
<b>Liabilities:</b>				
Accounts payable	\$ 5,052	\$ 73,429	\$ 72,697	\$ 5,784
<b><u>DSS Trust Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 98,219	\$ 274,424	\$ 317,222	\$ 55,421
<b>Liabilities:</b>				
Accounts payable	\$ 98,219	\$ 274,424	\$ 317,222	\$ 55,421
<b><u>Register of Deeds Trust Fee</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 11,148	\$ 157,008	\$ 155,099	\$ 13,057
<b>Liabilities:</b>				
Accounts payable	\$ 11,148	\$ 157,008	\$ 155,099	\$ 13,057
<b><u>Mental Health Insurance Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 1,010,335	\$ 206,410	\$ 803,925
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,010,335	\$ 206,410	\$ 803,925
<b><u>Piedmont Food and Agricultural Processing Center</u></b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 147,150	\$ 147,150	\$ -
Accounts receivable - other	-	68,872	-	68,872
Total assets	\$ -	\$ 216,022	\$ 147,150	\$ 68,872
<b>Liabilities:</b>				
Due to other government	\$ -	\$ 68,872	\$ -	\$ 68,872
Accounts payable	-	147,150	147,150	-
Total Liabilities	\$ -	\$ 216,022	\$ 147,150	\$ 68,872
<b><u>Orange County Community Giving Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 10,000	\$ -	\$ 10,000
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 10,000	\$ -	\$ 10,000

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 467,730	\$ 21,493,947	\$ 20,667,272	\$ 1,294,405
Accounts receivable - property taxes	201,497	20,094,425	19,864,734	431,188
Accounts receivable - other	7,259	68,872	7,259	68,872
Total assets	<u>\$ 676,486</u>	<u>\$ 41,657,244</u>	<u>\$ 40,539,265</u>	<u>\$ 1,794,465</u>
<b>Liabilities:</b>				
Accounts payable	\$ 608,677	\$ 41,573,056	\$ 40,536,669	\$ 1,645,064
Due to other governments	-	68,872	-	68,872
Due to cooperative extension	67,809	20,244	7,524	80,529
Total liabilities	<u>\$ 676,486</u>	<u>\$ 41,662,172</u>	<u>\$ 40,544,193</u>	<u>\$ 1,794,465</u>

## **Supplemental Financial Data**



## ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
GENERAL FUND  
JUNE 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2012</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2013</u>
2012-2013	\$ -	\$ 137,962,627	\$ 135,750,936	\$ 2,211,691
2011-2012	2,063,859	-	1,365,931	697,928
2010-2011	620,262	-	244,732	375,530
2009-2010	309,013	-	25,810	283,203
2008-2009	911,424	-	-	911,424
Total	<u>\$ 3,904,558</u>	<u>\$ 137,962,627</u>	<u>\$ 137,387,409</u>	<u>4,479,776</u>
Less: Allowance for uncollectible accounts				<u>(1,333,205)</u>
Ad valorem taxes receivable, net				<u>\$ 3,146,571</u>
<b>Reconciliation with Revenues:</b>				
Taxes - Ad Valorem - General Fund				\$ 137,235,475
Reconciling items:				
Interest and penalties				516,458
Miscellaneous adjustment				<u>(364,524)</u>
Total collections and credits				<u>\$ 137,387,409</u>

## ORANGE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$15,774,457,681	\$ 0.00858	\$ 135,344,847	\$ 130,032,365	\$ 5,312,482
Motor vehicles taxed at prior year rate	301,515,790	0.00858	2,587,005	-	2,587,005
Late list penalties	-		21,587	21,587	-
Lien advertisement	-		9,188	9,188	-
Total	<u>16,075,973,471</u>		137,962,627	130,063,140	7,899,487
Uncollected taxes at June 30, 2013			<u>2,211,691</u>	<u>1,365,661</u>	<u>846,030</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 135,750,936</u>	<u>\$ 128,697,479</u>	<u>\$ 7,053,457</u>
<b>Current Levy Collection Percentage</b>			<u>98.40%</u>	<u>98.95%</u>	<u>89.29%</u>

\* Total adjusted levy includes discoveries and abatements.

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

## Statistical Section

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

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

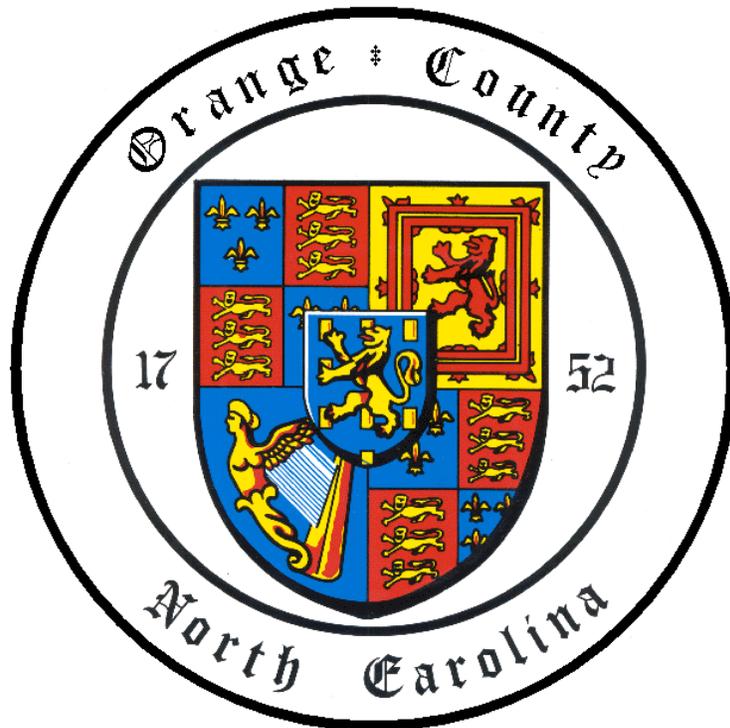
**Revenue Capacity:** These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

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

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

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

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



ORANGE COUNTY, NORTH CAROLINA

Table 1

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

	For Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
							(As Restated)	(As Restated)	(As Restated)	(As Restated)
<b>Governmental activities</b>										
Net investment in capital assets	\$ 19,154,413	\$ 35,398,235	\$ 33,142,313	\$ 31,659,037	\$ 15,390,929	\$ 10,104,943	\$ 25,802,378	\$ 8,323,542	\$ (2,329,884)	\$ 6,033,496
Restricted for:										
Capital assets	-	-	-	-	-	-	-	22,521,235	-	500,511
Stabilization by State statute	14,036,419	11,153,113	8,727,555	-	-	-	-	-	-	-
Restricted, all other	12,551,518	27,503,219	1,250,092	(113,765,405)	(116,043,276)	(118,028,841)	(107,189,190)	(112,977,847)	(71,473,372)	(79,627,592)
Unrestricted	(101,233,602)	(131,483,110)	(110,118,490)	(113,765,405)	(116,043,276)	(118,028,841)	(107,189,190)	(112,977,847)	(71,473,372)	(79,627,592)
Total governmental activities net position	\$ (55,491,252)	\$ (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)
<b>Business-type activities</b>										
Net investment in capital assets	\$ 7,038,493	\$ 4,404,980	\$ 6,877,907	\$ 7,762,990	\$ 7,932,387	\$ 6,705,214	\$ 3,363,225	\$ 5,334,757	\$ 5,331,054	\$ 6,034,422
Unrestricted	3,862,994	2,753,605	(4,193)	(557,826)	1,459,512	4,279,258	3,566,096	1,595,064	812,996	(582,170)
Total business-type activities net position	\$ 10,901,487	\$ 7,158,585	\$ 6,873,714	\$ 7,205,164	\$ 9,391,899	\$ 10,984,472	\$ 6,929,321	\$ 6,929,821	\$ 6,144,050	\$ 5,452,252
<b>Primary government</b>										
Net investment in capital assets	\$ 26,192,906	\$ 39,803,215	\$ 40,020,220	\$ 39,422,027	\$ 23,323,316	\$ 16,810,157	\$ 29,165,603	\$ 13,658,299	\$ 3,001,170	\$ 12,067,918
Restricted for:										
Stabilization by State statute	14,036,419	11,153,113	8,727,555	-	-	-	-	22,521,235	-	500,511
Capital assets	-	-	-	-	-	-	-	-	-	-
Restricted, all other	12,551,518	27,503,219	1,250,092	(114,323,231)	(114,583,764)	(113,749,583)	(103,623,094)	(111,382,783)	(70,660,376)	(80,209,762)
Unrestricted	(97,370,608)	(128,729,502)	(110,122,683)	(114,323,231)	(114,583,764)	(113,749,583)	(103,623,094)	(111,382,783)	(70,660,376)	(80,209,762)
Total primary government net position	\$ (44,589,765)	\$ (50,269,955)	\$ (60,124,816)	\$ (74,901,204)	\$ (91,260,448)	\$ (96,939,426)	\$ (74,457,491)	\$ (75,203,249)	\$ (67,659,206)	\$ (67,641,333)

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

In accordance with North Carolina law, liabilities of the County include approximately \$118 million in long-term debt associated with assets belonging to the Orange County Board of Education and the Chapel Hill-Carboro Board of Education. As these assets are not reflected on the County's financial statements, while the full amount of long-term debt reflected on the County's financial statements, the County reports a deficit in net position.

ORANGE COUNTY, NORTH CAROLINA

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

	For Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses:</b>										
Governmental activities:										
Governing and management	\$ 22,025,337	\$ 23,497,848	\$ 23,192,706	\$ 23,366,641	\$ 10,816,693	\$ 14,898,928	\$ 10,364,753	\$ 9,013,179	\$ 11,633,062	\$ 11,581,882
General services	6,980,383	7,222,770	7,155,635	6,826,209	18,730,842	12,422,454	11,404,059	10,371,173	10,095,265	8,168,947
Community and environment	9,821,519	9,786,774	10,288,447	12,726,270	10,932,997	20,065,425	9,922,055	9,078,254	8,939,210	9,893,926
Human services	35,126,478	33,431,309	33,536,733	33,011,737	37,604,903	38,842,566	34,318,247	33,499,003	32,558,212	29,540,568
Education	91,151,052	76,639,902	74,053,776	66,641,699	74,276,350	86,812,048	85,157,632	82,853,757	58,910,220	61,463,034
Public safety	24,569,638	23,717,846	22,352,109	21,796,091	20,166,400	23,399,912	20,546,205	18,278,983	16,685,076	15,781,817
Cultural and recreational	2,162,503	2,168,615	1,802,668	1,007,304	3,751,394	3,191,198	3,245,515	2,508,464	2,430,733	1,918,031
Interest on long-term debt	7,685,735	14,479,651	8,948,063	10,495,788	9,539,848	10,501,269	8,290,604	7,526,775	6,508,674	6,766,691
Total governmental activities expenses	199,522,645	190,944,715	181,330,137	175,871,739	185,819,427	210,133,800	183,249,070	173,129,588	147,760,452	145,114,896
Business-Type activities:										
Landfill	6,892,530	10,552,420	10,436,377	11,216,161	10,036,966	8,342,749	6,560,515	6,691,328	5,766,797	5,456,187
Sewer	333,568	316,684	401,689	305,171	269,822	193,535	209,020	181,329	177,477	237,150
SportsPlex	3,020,626	2,909,120	2,977,153	2,937,975	3,145,593	2,800,482	2,721,368	1,322,837	-	-
Total business-type activities expenses	10,246,724	13,778,224	13,815,219	14,459,307	13,452,381	11,336,766	9,490,903	8,195,494	5,944,274	5,693,337
Total primary government expenses	\$ 209,769,369	\$ 204,722,939	\$ 195,145,356	\$ 190,331,046	\$ 199,271,808	\$ 221,470,566	\$ 192,739,973	\$ 181,325,082	\$ 153,704,726	\$ 150,808,233
<b>Revenues:</b>										
Governmental activities:										
Program revenues:										
Charges for services	13,235,408	12,766,266	12,532,375	11,926,481	11,707,014	12,233,135	13,340,016	11,926,850	10,861,457	10,747,239
Operating grants and contributions	24,611,570	23,403,397	24,934,383	25,180,675	23,255,128	23,447,199	23,514,334	21,785,974	20,838,946	19,304,008
Capital grants and contributions	2,489,408	6,075,501	5,578,325	4,270,546	5,900,817	1,648,654	3,857,083	26,673	953,634	60,068
General revenues:										
Property taxes	142,951,109	141,596,821	140,247,782	137,966,129	130,773,568	122,093,823	114,240,169	103,277,416	91,188,353	84,879,390
Other taxes	21,248,342	18,271,966	15,115,418	15,441,100	19,736,772	24,058,200	23,319,221	21,795,500	20,448,762	19,138,144
Other	107,517	756,382	102,822	(367,213)	2,222,054	2,340,763	3,724,713	4,903,090	2,966,288	2,446,239
Total governmental activities program revenues	\$ 204,643,354	\$ 202,870,333	\$ 198,511,105	\$ 194,417,718	\$ 193,595,353	\$ 185,821,774	\$ 181,995,536	\$ 163,715,503	\$ 147,257,440	\$ 136,575,088

ORANGE COUNTY, NORTH CAROLINA

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

	For Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Business-type activities:										
Charges for services	11,201,138	11,278,046	10,980,033	10,724,011	10,233,917	10,624,806	9,833,042	8,094,895	6,847,668	4,428,918
Operating grants and contributions	466,966	419,354	414,853	434,968	401,180	198,046	215,234	195,214	215,868	191,750
Other	9,624	10,067	15,753	1,113,593	720,336	2,344,005	1,237,757	672,117	96,679	30,379
Total business-type activities program revenues	11,677,728	11,707,467	11,410,639	12,272,572	11,355,433	13,166,857	11,286,033	8,962,226	7,160,215	4,651,047
Total primary government program revenues	216,321,082	214,577,800	209,921,744	206,690,290	204,950,786	198,988,631	193,281,569	172,677,729	154,417,655	141,226,135
Increase (decrease) in net position	6,551,713	9,854,861	14,776,388	16,359,244	5,678,978	(22,481,935)	541,596	(8,647,353)	712,929	(9,582,098)
<b>Change in net position</b>										
Net position, July 1, previously reported	(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)
Prior period adjustment	(871,523)	-	-	-	-	-	204,162	1,103,310	(730,802)	1,276,023
Net position, July 1, restated	(51,141,478)	(60,124,816)	(74,901,204)	(91,260,448)	(96,939,426)	(74,457,491)	(74,999,087)	(66,555,896)	(68,372,135)	(58,059,235)
Total net position, June 30	\$ (44,589,755) \$	(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) \$

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

ORANGE COUNTY, NORTH CAROLINA

Table 3

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

	For Year Ended June 30						
	2010	2009	2008	2007	2006	2005	2004
<b>General Fund</b>							
Non-spendable:							
Prepaid items							
Inventories	143,078	181,031	113,966	113,966	114,036	82,251	83,803
Restricted for:	1,843,044	1,176,508	963,542	963,542	847,979	624,561	628,551
Stabilization for State statute	7,956,626	7,837,484	10,349,628	10,349,628	7,956,752	6,905,033	7,649,826
	9,942,748	9,195,023	11,427,136	11,427,136	8,918,767	7,611,845	8,362,180
Committed:							
General services	401,673	1,988,442	2,000,000	-	-	-	1,714,451
Assigned:	21,097,621	18,977,470	23,803,324	21,384,544	15,452,551	13,548,885	10,879,392
Subsequent year expenditures	21,499,294	20,965,912	25,803,324	21,384,544	15,452,551	13,548,885	12,593,843
Restricted	31,442,042	30,160,935	37,230,460	32,811,680	24,371,318	21,160,730	20,956,023
Unassigned							
Total General Fund	2,910,389	3,061,726	11,896,153	1,888,242	7,635,847	2,733,971	1,652,432
	596,618	866,041	688,649	1,596,372	495,693	1,366,199	825,530
	3,507,007	3,927,767	12,584,802	3,484,614	8,131,540	4,100,170	2,477,962
<b>All Other Governmental Funds</b>							
Reserved for:							
Encumbrances	10,825,474	30,024,830	6,170,186	44,841,610	-	-	-
State statute	6,605,689	2,409,840	521,416	22,200,997	-	-	-
Total reserved	375,417	71,289	112,741	400,258	-	-	-
Unreserved:							
Designated:							
Subsequent year's expenditures reported in:							
County capital improvements	-	-	-	-	33,120,947	17,882,591	5,468,041
School capital improvements	-	-	-	-	2,300,707	2,794,179	3,718,401
Non-major special revenue	-	-	-	-	3,936,389	2,277,472	2,583,290
Subsequent year's expenditures* Undesignated*	4,799,533	5,996,514	6,704,065	5,391,683	3,936,389	2,277,472	2,583,290
Reported in non-major special revenue	22,606,113	38,502,473	13,508,408	72,834,548	39,358,043	22,954,242	11,769,732
Total unreserved	26,113,120	42,430,240	26,093,210	76,319,162	47,489,583	27,054,412	14,247,694
Total All Other Governmental Funds	\$ 57,555,162	\$ 72,591,175	\$ 63,323,670	\$ 109,130,842	\$ 71,860,901	\$ 48,215,142	\$ 35,203,717
Total Governmental Funds							
	24,112,605	42,073,399	28,726,695	66,011,582	89,932,905	66,011,582	66,011,582
	\$ 78,792,212	\$ 89,932,905	\$ 89,932,905	\$ 89,932,905	\$ 89,932,905	\$ 89,932,905	\$ 89,932,905

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

**ORANGE COUNTY, NORTH CAROLINA**

**Table 4**

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

	For Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Property taxes	\$ 142,589,686	\$ 141,141,578	\$ 139,112,298	\$ 137,768,671	\$ 131,799,145	\$ 122,740,765	\$ 114,817,041	\$ 103,650,756	\$ 91,786,364	\$ 85,404,401
Sales tax	21,248,342	18,271,966	15,115,418	15,441,100	18,814,450	23,318,982	22,636,962	21,176,362	19,786,266	18,589,763
Intergovernmental revenues	26,395,066	28,588,962	29,118,062	27,776,901	29,155,945	25,095,853	27,371,417	22,346,834	22,438,641	19,364,076
Charges for services	10,317,422	10,094,081	10,312,004	10,386,667	9,639,871	9,930,526	10,560,926	9,754,878	8,232,327	6,697,791
Investment earnings	107,430	756,242	102,386	125,672	793,690	3,490,123	3,523,274	3,683,113	1,101,586	396,143
Licenses and permits	322,477	329,265	403,014	328,216	363,594	354,569	332,545	268,571	256,850	1,360,384
Impact fees	2,021,204	1,648,235	1,459,901	1,214,819	1,238,494	1,504,522	2,020,400	1,864,897	2,372,280	2,689,064
Miscellaneous	1,242,602	1,458,674	1,733,217	2,519,964	1,839,989	913,489	994,820	1,253,232	1,314,884	2,048,802
<b>Total revenues</b>	<b>204,244,229</b>	<b>202,289,003</b>	<b>197,356,300</b>	<b>195,562,010</b>	<b>193,645,178</b>	<b>187,348,829</b>	<b>182,257,385</b>	<b>163,998,643</b>	<b>147,289,198</b>	<b>136,550,424</b>
<b>Expenditures</b>										
Current:										
Governing and management	12,280,547	11,946,149	11,547,032	13,454,030	9,451,313	8,809,336	7,765,185	7,060,610	6,315,396	5,081,203
General services	7,041,005	6,556,064	6,716,171	9,450,070	12,911,229	10,807,804	10,597,332	9,976,728	9,703,326	9,341,406
Community and environment	11,815,147	12,308,296	11,853,619	12,314,548	10,232,393	9,904,764	9,533,076	8,964,634	9,040,677	8,769,698
Human services	34,689,069	32,661,585	33,090,063	34,048,520	35,132,231	35,132,231	33,848,886	32,512,567	31,463,036	30,416,726
Education	67,488,591	63,939,903	63,912,513	63,048,729	64,722,715	60,385,461	56,993,744	52,271,554	48,752,268	46,461,682
Public safety	23,304,121	23,063,645	22,643,182	20,810,410	20,926,310	20,285,768	19,786,208	17,549,051	16,202,310	15,699,015
Cultural and recreational	2,167,876	2,078,964	1,810,933	1,790,199	3,322,213	3,114,616	3,156,900	2,444,132	2,329,396	1,918,031
Capital outlay	31,105,574	19,779,947	18,376,147	33,204,669	38,607,718	58,704,637	38,967,226	36,887,563	19,615,281	20,903,526
Debt Service:										
Principal	16,267,209	18,718,055	18,715,710	17,180,037	17,038,179	15,258,741	14,588,007	13,236,904	11,066,814	10,276,402
Interest	8,759,668	15,280,193	9,909,939	8,634,932	9,170,485	9,462,709	8,114,118	6,758,565	6,889,640	6,780,803
Issuance costs	-	-	-	-	-	-	-	334,964	22,393	2,000
<b>Total expenditures</b>	<b>214,918,807</b>	<b>206,332,801</b>	<b>198,575,309</b>	<b>213,936,144</b>	<b>222,292,819</b>	<b>231,866,067</b>	<b>203,350,682</b>	<b>187,997,272</b>	<b>161,400,537</b>	<b>155,650,492</b>
Excess of revenues										
Over (Under) expenditures	(10,674,578)	(4,043,798)	(1,219,009)	(18,374,134)	(28,647,641)	(44,517,238)	(21,093,297)	(23,998,629)	(14,111,339)	(19,100,068)
<b>Other financing sources (uses)</b>										
Bonds issuance	1,680,206	14,195,360	-	1,762,954	-	-	-	29,185,000	25,140,000	-
Refunding issuance	13,300,000	96,693,500	-	22,455,000	-	-	-	29,365,000	-	-
Refunding issue costs	-	-	-	-	-	-	-	(1,590,000)	-	-
Payments to escrow agent - refunding	(13,685,000)	(104,030,089)	-	(24,021,358)	-	-	-	(27,775,000)	-	-
Installment loans issuance	2,099,099	22,031,500	11,899,439	4,136,434	38,700,000	-	59,057,000	17,685,000	1,820,506	378,300
Capital leases issuance	-	-	-	-	562,617	-	-	1,215,255	-	-
Transfers in	11,265,642	7,663,511	7,630,887	14,606,087	14,070,320	10,688,569	11,791,989	12,111,856	8,782,469	11,764,671
Transfers out	(13,685,581)	(10,029,142)	(9,854,897)	(15,600,987)	(14,641,700)	(12,754,594)	(12,598,789)	(12,552,723)	(8,622,211)	(11,718,101)
<b>Total other financing sources (uses)</b>	<b>974,366</b>	<b>26,524,640</b>	<b>9,675,429</b>	<b>3,338,130</b>	<b>38,691,237</b>	<b>(2,066,025)</b>	<b>58,250,200</b>	<b>47,644,388</b>	<b>27,120,764</b>	<b>424,870</b>
<b>Net change in fund balances</b>	<b>\$ (9,700,212)</b>	<b>\$ 22,480,842</b>	<b>\$ 8,456,420</b>	<b>\$ (15,036,004)</b>	<b>\$ 10,043,596</b>	<b>\$ (46,583,263)</b>	<b>\$ 37,156,903</b>	<b>\$ 23,645,759</b>	<b>\$ 13,009,425</b>	<b>\$ (18,675,198)</b>
Debt service as a percentage of non-capital expenditures	11.87%	18.22%	15.88%	14.28%	13.38%	15.05%	13.63%	13.23%	12.68%	12.66%

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

**ORANGE COUNTY, NORTH CAROLINA**

**Table 5**

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

Fiscal Year	Real Property		Personal Property		Public-Service Companies		Less Tax-Exempt Property		Total Assessed Value		Total Direct Tax Rate		Estimated Actual Market Value		Assessed Value as a Percent of Actual Value	
	\$		\$		\$		\$		\$				\$			
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%	
2012	14,509,087,828		1,217,661,746		234,219,001		61,832,450		15,899,136,125		0.858		18,726,408,865		84.90%	
2013	14,630,730,056		1,274,117,983		235,565,073		64,439,641		16,075,973,471		0.858		18,896,681,052		85.07%	

Source: Annual County Report of Valuation and Property Tax Levies

ORANGE COUNTY, NORTH CAROLINA

Table 6

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

	For Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>County Direct Rates</b>										
Orange County	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.0980	\$ 0.9500	\$ 0.9030	\$ 0.8430	\$ 0.8800	\$ 0.8450
Total general direct rate	<u>0.0858</u>									
Fire Districts (1)	\$ 0.0593									
Total direct rate	<u>\$ 0.1451</u>									
Fire districts:										
Cedar Grove	0.07360	0.07360	0.07360	0.07360	0.07300	0.07300	0.07300	0.0730	0.0730	0.0730
Chapel Hill	0.07500	0.07500	0.07500	0.07500	0.04900	0.01900	0.01900	0.0190	0.0200	0.0200
Damascus	0.05000	0.05000	0.05000	0.06000	0.06000	0.05000	0.04000	0.0260	0.0300	0.0300
Efland	0.04660	0.04660	0.04660	0.04660	0.05225	0.04225	0.04225	0.0348	0.0465	0.0375
Eno	0.05990	0.05990	0.05990	0.05990	0.05700	0.05700	0.05700	0.0570	0.0640	0.0640
Little River	0.04060	0.04060	0.04060	0.04060	0.04600	0.04600	0.04600	0.0460	0.0520	0.0450
New Hope	0.08950	0.08950	0.06950	0.06950	0.06750	0.06750	0.06750	0.0625	0.0650	0.0650
Orange Grove	0.04080	0.04080	0.03580	0.05800	0.04200	0.03900	0.03900	0.0340	0.0390	0.0390
Orange Rural	0.05610	0.05610	0.06360	0.06360	0.06300	0.05600	0.05600	0.0560	0.0510	0.0510
South Orange	0.07850	0.07850	0.07850	0.07850	0.09500	0.04000	0.04000	0.0920	0.0920	0.0920
Southern Triangle	0.05000	0.05000	0.05000	0.05000	0.06000	0.05000	0.04000	0.0260	0.0300	0.0300
White Cross	0.07000	0.07000	0.06000	0.06000	0.06000	0.05000	0.04200	0.0420	0.0480	0.0480
Chapel Hill-Carrboro School District	0.18840	0.18840	0.18840	0.18840	0.23000	0.20350	0.18850	0.1834	0.2000	0.2000
Municipality rates:										
Chapel Hill	0.4940	0.4940	0.4940	0.4940	0.5810	0.5220	0.5220	0.5220	0.5750	0.5530
Carrboro	0.5894	0.5894	0.5894	0.5894	0.6863	0.6537	0.6244	0.6244	0.7148	0.6852
Hillsborough	0.6200	0.6200	0.6200	0.6200	0.6700	0.6350	0.6200	0.5660	0.6200	0.6200
Mebane	0.4700	0.4700	0.4700	0.4700	0.4700	0.5000	0.5000	0.5000	0.5000	0.4700

Source: Orange County Tax Assessor Office

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

**ORANGE COUNTY, NORTH CAROLINA**

**Table 7**

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

Taxpayer	Type of Business	2013			2004		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Public utility	\$ 100,262,900	1	0.64%	\$ 78,332,878	1	0.83%
Piedmont Electric Membership	Public utility	53,682,969	2	0.34%	39,829,704	3	0.42%
Greenbridge Development, LLC	Residential Condos	49,153,900	3	0.31%			
East 54 Associates LLC	Real estate	47,361,029	4	0.30%			
VAC Limited Partnership	Apartment rental	36,188,797	5	0.23%	55,829,704	2	0.59%
Blue Cross Blue Shield	Insurance provider	35,751,416	6	0.23%	35,430,128	5	0.38%
Corium LLC	Insurance provider	35,399,116	7	0.22%	25,608,158	7	0.27%
ACC GF III Chapel Ridge/Chapel View LLC	Apartment rental	34,214,712	8	0.22%			
Madison University Mall LLC	Retail	33,928,284	9	0.22%			
Europea Center LLC	Hotel	27,665,143	10	0.18%	24,273,827	8	0.26%
Bell South Telephone and Telegraph Co.	Public Utility				38,105,154	4	0.40%
VS CT LLC	Propert Owners Trust				35,126,445	6	0.37%
University Mall	Rental				20,594,783	9	0.22%
Meadowmont JV LLC	Rental/Residential				20,065,498	10	0.21%
<b>Total</b>		<b>\$ 453,608,266</b>		<b>2.89%</b>	<b>\$ 373,196,279</b>		<b>3.95%</b>

Source: Orange County Tax Assessor.

ORANGE COUNTY, NORTH CAROLINA

Table 8

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

Tax Year	Year Ended June 30	Current* Tax Levy	Adjusted Tax Levy	Current Years' Levy Collections	Percentage Collected	Prior Years' Levy Collections	Total Collections During Year	Percent of Total Collections to Adjusted Tax Levy	Outstanding Delinquent Taxes	Delinquent Taxes to Adjusted Tax Levy
2003	2004	\$	82,444,007	\$	98.73%	\$	82,371,180	99.91%	\$	2.99%
2004	2005		88,749,583	81,398,098	98.80%	973,082	88,639,769	99.88%	2,464,989	2.77%
2005	2006		100,374,499	87,687,321	98.90%	952,448	100,255,495	99.88%	2,455,230	2.70%
2006	2007		111,171,556	99,271,419	98.96%	954,076	111,068,690	99.91%	2,774,093	2.50%
2007	2008		119,467,330	110,014,826	98.69%	1,053,864	118,892,601	99.52%	3,293,772	2.76%
2008	2009		127,813,510	117,907,855	98.75%	984,746	127,498,279	99.75%	3,660,536	2.86%
2009	2010		133,475,926	126,215,432	98.63%	1,282,847	133,182,906	99.78%	3,953,556	2.96%
2010	2011		135,126,347	131,642,477	98.55%	1,540,429	134,770,153	99.74%	3,550,073	2.63%
2011	2012		136,779,611	133,163,625	98.49%	1,606,528	135,873,089	99.34%	3,904,558	2.85%
<b>2012</b>	<b>2013</b>		<b>137,962,627</b>	<b>134,715,752</b>	<b>98.40%</b>	<b>1,157,337</b>	<b>137,235,475</b>	<b>99.47%</b>	<b>4,479,776</b>	<b>3.25%</b>

\*Tax levy includes special districts

ORANGE COUNTY, NORTH CAROLINA

Table 9

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government		Percentage of Personal Income (1)
	General				General				Per Capita (1)	Personal Income (1)	
	Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases	Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases			
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%
2012	95,520,000	-	114,393,535	2,486,176	-	-	10,175,318	606,855	223,181,884	1,611	3.38%
<b>2013</b>	<b>86,205,000</b>	<b>-</b>	<b>107,796,269</b>	<b>1,746,223</b>	<b>-</b>	<b>-</b>	<b>9,429,225</b>	<b>325,128</b>	<b>205,501,845</b>	<b>1,485</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 2012 personal income not available to calculate fiscal year 2013

**ORANGE COUNTY, NORTH CAROLINA**

**Table 10**

**Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income (1)	Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Total			
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
2012	95,520,000	-	95,520,000	<b>1.44%</b>	0.60%	689
<b>2013</b>	<b>86,205,000</b>	-	<b>86,205,000</b>	*	<b>0.54%</b>	<b>623</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**

**Table 11**

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

	For Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Assessed value of property	\$ 16,075,973,471	\$ 15,899,136	\$ 15,689,990	\$ 15,538,736	\$ 12,820,238	\$ 12,581,220	\$ 12,330,315	\$ 11,597,244	\$ 10,084,127	\$ 9,735,182
Debt limit, 8% of assessed value (statutory limitation)	1,286,078	1,271,931	1,255,199	1,243,099	1,025,619	1,006,498	986,425	927,780	806,730	778,815
Amount of debt applicable to limit:										
Gross debt	205,502	223,182	225,109	232,885	224,599	224,599	240,974	196,624	154,472	137,975
Less:										
Amount available for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Debt outstanding for water and sewer purposes	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	205,502	223,182	225,109	232,885	224,599	224,599	240,974	196,624	154,472	137,975
Legal debt margin	\$ 1,080,576	\$ 1,048,749	\$ 1,030,090	\$ 1,010,214	\$ 801,020	\$ 781,899	\$ 745,451	\$ 731,156	\$ 652,258	\$ 640,840
Total net debt applicable to limit as a percentage of debt limit	15.97%	17.55%	17.93%	18.73%	21.90%	22.31%	24.47%	21.19%	19.15%	17.72%

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.

Direct and Overlapping Governmental Activities Debt  
(Unaudited)  
As of June 30, 2013

<u>Governmental Unit</u>	<u>Direct Debt Outstanding</u>	<u>(1) Estimated Share of Overlapping Debt</u>	<u>Estimated Share of Direct and Overlapping Debt</u>	<u>(2) Percentage Municipality in County</u>
Municipalities:				
Town of Chapel Hill	\$ -	\$ 30,820,000	\$ 30,820,000	100%
Town of Hillsborough		10,159,321	10,159,321	100%
Town of Carrboro		7,091,667	7,091,667	100%
City of Durham		13,992,267	13,992,267	3%
Town of Mebane		2,027,450	2,027,450	30%
County	<u>205,501,845</u>	-	<u>205,501,845</u>	
Total direct debt	<u>\$ 205,501,845</u>	<u>\$ 64,090,705</u>	<u>\$ 269,592,550</u>	

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

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

**ORANGE COUNTY, NORTH CAROLINA**

Table 13

**Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)**

Year	Population (1)	Personal Income (2) (Thousands of Dollars)	Per Capita Personal Income (2)	Median Age	Public Schools Enrollment (3)	Unemployment Rate (4)	Number of Building Permits Performed (5)
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	33.10	19,026	6.5%	1,962
2012	138,550	6,608,945	46,713	33.00	19,462	6.5%	1,640
<b>2013</b>	<b>138,330</b>	*	<b>48,683</b>	<b>33.49</b>	19,553	<b>6.2%</b>	<b>1,769</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.

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

<b>Employer</b>	<b>2013</b>			<b>2004</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
UNC-Chapel Hill	15,964	1	22.95%	15,588	1	24.47%
UNC Hospitals	9,335	2	13.42%	5,473	2	8.58%
Chapel Hill-Carrboro City Schools	1,686	3	2.42%	1,500	3	2.35%
Orange County Schools	1,329	4	1.90%	908	5	1.43%
Orange County Government	964	5	1.38%	725	7	1.14%
Town of Chapel Hill	879	6	1.26%	665	8	1.04%
Blue Cross/Blue Shield	788	7	1.13%	1,373	4	2.09%
UNC Physicians Network	533	8	0.76%			
Aramark Services	444	9	0.63%			
Harrisr Teeter	407	10	0.59%	460	9	0.72%
General Electric				758	6	1.15%
Sports Endeavors, Inc.				417	10	0.65%

Source: Orange County Economic Development Commission, Employment Security Commission

**ORANGE COUNTY, NORTH CAROLINA**

Table 15

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

Function/Program	For Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Government and management	91.95	94.40	91.55	109.80	74.20	58.00	60.00	60.00	53.00	35.80
General services	61.1	62.9	60.15	84.80	123.40	101.00	113.60	114.20	114.20	112.60
Community and environment	92.5	84.7	90.90	87.60	55.55	55.00	53.00	48.50	48.50	49.00
Human services	293.43	308.1	304.50	325.40	318.60	287.00	299.10	294.30	301.40	287.50
Public safety	263.68	246.8	241.20	227.20	223.40	214.80	206.00	202.50	202.50	202.50
Cultural and recreational	35.15	28.43	29.83	24.03	49.25	31.60	32.60	31.10	31.10	30.10
Solid Waste Enterprise	58.2	57.25	53.10	51.40	44.40	55.00	40.00	43.00	43.00	43.00
<b>Total</b>	<b>896.01</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>

Source: County Finance Department

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

**ORANGE COUNTY, NORTH CAROLINA**

**Table 16**

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

Function/Program	For Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<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	3,419	3,495
Number of rabies investigations	150	163	227	186	210	149	243	140	108	101
Employment applications received	4,522	4,032	2,815	4,500	2,015	3,650	1,979	3,000	3,347	9,256
<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	7,879	9,086
Real Estate documents processed	32,180	27,000	24,951	27,206	28,744	22,975	23,875	23,804	22,901	25,904
Vital records recorded and issued	15,849	16,367	16,649	12,150	15,223	18,081	18,454	18,321	18,188	18,308
<b>Community and Environment:</b>										
Building permits issued	985	864	953	914	891	824	667	658	661	635
Building, plumbing, mechanical, and electrical inspections completed	17,775	18,239	18,726	18,222	17,000	13,545	12,125	15,400	13,092	10,648
<b>Human Services:</b>										
Households receiving food stamps	23	2,763	2,987	2,978	3,230	3,430	3,785	5,403	6,234	6,504
Number of Medicaid cases	48	5,283	5,785	6,019	6,424	6,820	6,952	7,089	9,532	10,028
Number of families receiving daycare subsidy	377	319	317	280	330	600	655	560	715	741
Total number of dental patient visits	3,817	4,000	4,010	3,722	3,495	4,165	3,945	2,277	3,605	4,747
Family planning clients served	1,135	1,140	1,191	1,156	1,150	1,045	1,189	1,431	1,004	1,104
<b>Public Safety:</b>										
Requests for EMS service	8,865	9,050	9,486	10,988	11,463	10,945	10,988	11,655	13,287	13,132
Number of fire inspections	180	188	190	235	270	87	90	300	279	272
Average number of non-federal inmates per month	138	145	150	162	170	175	175	170	180	180
<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	405,282	444,261
Number of reference volumes at Orange County Library	2,200	2,363	2,411	2,475	2,493	2,300	3,766	2,555	2,600	3,161
<b>Education:</b>										
Average daily membership	17,414	17,818	17,876	18,192	18,530	18,898	18,696	18,990	19,549	19,757
County current expense appropriation per pupil (\$)	2,566	2,623	2,796	2,957	2,957	3,200	3,096	3,096	3,102	3,167

Source: Orange County Finance Department and Orange County School System

ORANGE COUNTY, NORTH CAROLINA

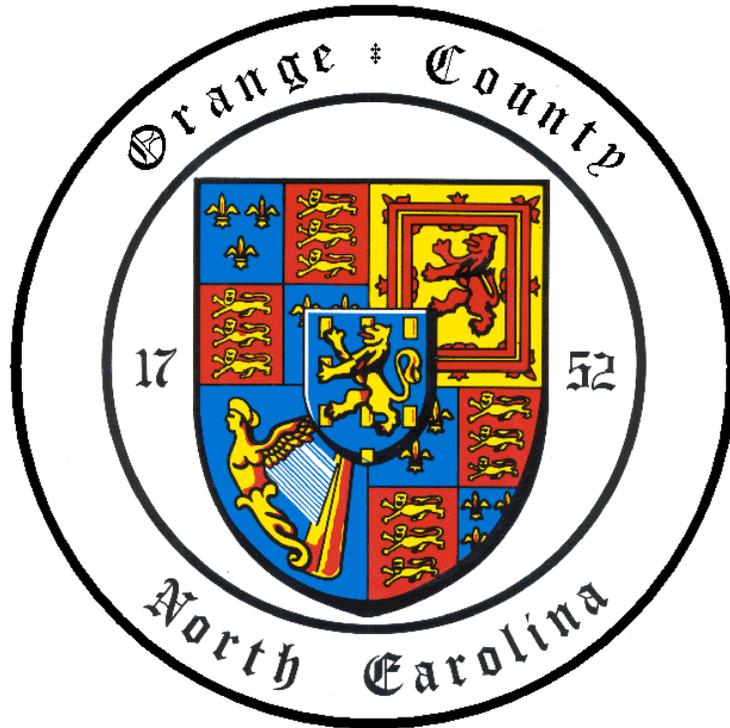
Table 17

Capital Asset Statistics by Function  
Last Six Fiscal Years  
(Unaudited)

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

Source: Orange County Finance Department and Orange County School Systems

## **Compliance Section**



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

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

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Orange County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises Orange County's basic financial statements, and have issued our report thereon dated December 4, 2013.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
December 4, 2013

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

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

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Orange County, North Carolina

#### **Report on Compliance for Each Major Federal Program**

We have audited Orange County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Orange County's major federal programs for the year ended June 30, 2013. Orange County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Orange County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A 133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Orange County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Orange County's compliance.

## Opinion on Each Major Federal Program

In our opinion, Orange County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of Orange County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Orange County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
December 4, 2013

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

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

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Orange County, North Carolina

### **Report on Compliance for Each Major State Program**

We have audited Orange County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Orange County's major State programs for the year ended June 30, 2013. Orange County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Orange County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, applicable sections of OMB Circular A 133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A 133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Orange County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of Orange County's compliance.

## Opinion on Each Major State Program

In our opinion, Orange County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of Orange County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Orange County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
December 4, 2013

**ORANGE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**1. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

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

**Federal Awards**

Internal control over major federal programs:

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

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

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

**ORANGE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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
Childcare Development Fund Cluster	93.575, 93.596
Housing Voucher Cluster	14.871, 14.879, 14.880

Dollar threshold used to distinguish  
between Type A and Type B Programs: \$2,512,424

Auditee qualified as low-risk auditee?  Yes  No

**State Awards**

Internal control over major State programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified that are considered to be material weaknesses?  Yes  None Reported

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

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  
Criminal Justice Partnership

**ORANGE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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, 2013**

None reported.

Orange County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>				
<b>U. S. Department of Agriculture:</b>				
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	\$ 1,106,742	\$ -	\$ -
<u>Division of Social Services:</u>				
<u>Supplemental Nutrition Assistance Program Cluster:</u>				
SNAP Administration	10.561	1,042,321	-	1,042,321
SNAP Fraud Admin	10.561	17,825	-	17,825
SNAP E&T & Depend Care	10.561	2,456	-	2,456
<u>Total Supplemental Nutrition Assistance Program Cluster</u>		<u>1,062,602</u>	<u>-</u>	<u>1,062,602</u>
<b>Total U. S. Department of Agriculture</b>		<u>2,169,344</u>	<u>-</u>	<u>1,062,602</u>
<b>U. S. Department of Housing and Urban Development:</b>				
<u>Direct Programs:</u>				
<u>Lower Income Housing Assistance:</u>				
Home Investment Partnership Program	14.239	325,602	-	-
<u>Indian CDBG Program Cluster:</u>				
Single Family Housing Rehabilitation Grant - Indian CDBG Program	14.862	97,837	-	-
<u>Total Indian CDBG Program Cluster</u>		<u>97,837</u>	<u>-</u>	<u>-</u>
<u>Housing Voucher Cluster:</u>				
Section 8 Housing Choice Vouchers	14.871	4,659,192	-	-
<u>Total Housing Voucher Cluster</u>		<u>4,659,192</u>	<u>-</u>	<u>-</u>
Passed-Through N.C. Department of Commerce:				
<u>Division of Community Assistance:</u>				
Economic Development Initiative (EDI)-Special Projects	14.251	237,500	-	-
<u>CDBG - Entitlement Grants Cluster:</u>				
Community Development Block Grant - Scattered Site Housing	14.218	184,486	-	-
<u>Total CDBG - Entitlement Grants Cluster</u>		<u>184,486</u>	<u>-</u>	<u>-</u>
<b>Total U. S. Department of Housing and Urban Development</b>		<u>5,504,617</u>	<u>-</u>	<u>-</u>
<b>U. S. Department of Transportation:</b>				
Passed-Through N. C. Department of Transportation:				
Rural Capital Program Rural Capital Program	20.505-1	111,665	-	-
Rural Capital Program Rural Capital Program	20.509	55,558	17,319	-
<b>Total U. S. Department of Transportation</b>		<u>167,223</u>	<u>17,319</u>	<u>-</u>
<b>U. S. Department of Health and Human Services:</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	54,740	-	-
<u>Aging Cluster:</u>				
Grants for Supportive Services and Senior Centers	93.044	118,273	-	394,243
<u>Total Aging Cluster</u>		<u>173,013</u>	<u>-</u>	<u>394,243</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	165,589	-	-
<u>Division of Child Development:</u>				
Child Care and Development Fund - Discretionary	93.575	1,212,258	-	-
Child Care and Development Fund - Mandatory	93.596	517,668	-	-
Child Care and Development Fund - Match	93.596	1,358,983	634,593	-
<u>Total Child Care Development Fund Cluster</u>		<u>3,088,909</u>	<u>634,593</u>	<u>-</u>
Social Services Block Grant	93.667	18,892	-	-
Temporary Assistance for Needy Families	93.558	662,363	-	-
Foster Care Title IV-E	93.658	25,308	11,618	-
Smart Start	XXXX	-	43,155	-
State Appropriations		-	407,447	-
TANF-MOE		-	438,450	-
<u>Total Subsidized Child Care Cluster</u>		<u>3,961,061</u>	<u>1,535,263</u>	<u>-</u>

Orange County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
<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>				
Adult Care Home Case Management	93.778	40,666	18,099	22,567
Medicaid Expansion	93.778	10,226	10,226	-
Medical Assistance - Administration	93.778	968,654	-	967,811
Medical Transportation Services	93.778	110	58	-
Medical Assistance Program - Direct Benefit Payments	93.778	61,889,330	34,523,618	(24)
<u>Total Medicaid Cluster</u>		<u>62,908,986</u>	<u>34,552,001</u>	<u>990,354</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	54,555	-	-
Prevention Investigations and Technical Assistance	93.283	39,425	-	-
Communicable Disease Expansion Budget	93.940	31,000	-	-
Statewide Health Promotion Program	93.991	9,640	-	-
<u>Immunization Cluster:</u>				
Immunization Program/Aid to County Funding	93.268	24,611	-	-
<u>Total Immunization Cluster</u>		<u>24,611</u>	<u>-</u>	<u>-</u>
<u>Administration on Children and Families</u>				
Passed through NC Department of Health and Human Services				
<u>Division of Social Services:</u>				
Temporary Assistance for Needy Families	93.558	66,311	-	-
Refuge Health	93.576	4,000	-	-
<u>Health Resources and Service Administration</u>				
Passed through NC Department of Health and Human Services				
<u>Division of Public Health:</u>				
State Health Access Program	93.256	5,501	-	-
Maternal and Child Health Services Block Grant	93.994	115,453	86,599	-
<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	54,941	-	-
<u>Division of Social Services:</u>				
<u>Administration:</u>				
Social Services Block Grant	93.667	306,846	34,905	113,917
Social Services Block Grant - In Home Services	93.667	46,153	-	6,593
Social Services Block Grant - In Home Services over 60	93.667	28,547	-	4,078
Social Services Block Grant - Adult Daycare	93.667	2,028	-	290
Social Services Block Grant - Adult Daycare over 60	93.667	-	1,879	268
TANF to SSBG	93.667	71,512	-	-
Family Preservation	93.556	8,159	-	-
Crisis Intervention Payments	93.568	558,007	-	-
Low Income Energy Administration	93.568	79,004	-	-
Low Income Energy Assistance	93.568	259,400	-	-
Permanency Planning - Spec	93.645	60,704	1,394	20,699
Independent Living - LINKS	93.674	15,313	-	-
Links	93.674	24,532	6,133	-
IV-D Administration	93.563	1,089,307	-	561,158
IV-D Offset Fees - Esc	93.563	109	-	56
IV-D Offset Fees - Federal	93.563	2,168	-	1,117
NC Health Choice	93.767	48,072	2,866	18,383
<u>Direct Benefit Payments:</u>				
Refugee Assistance Payment	93.566	15,857	208	-
Energy Assistance Payment	93.568	-	118	-
<u>Total Division of Social Services</u>		<u>2,615,718</u>	<u>47,503</u>	<u>726,559</u>
<u>Temporary Assistance for Needy Families Cluster:</u>				
<u>Administration:</u>				
TANF- Work First Admin	93.558	237,304	-	318,983
TANF- Work First Service	93.558	897,278	-	887,644
<u>Direct Benefit Payments:</u>				
TANF- Payments & Penalties	93.558	539,906	-	-
<u>Total Temporary Assistance for Needy Families Cluster</u>		<u>1,674,488</u>	<u>-</u>	<u>1,206,627</u>

Orange County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Federal Grantor/Program Title	CFDA	Federal Expenditures	State Expenditures	Local Expenditures
	Number/ Grant			
	Number			
<b>Foster Care and Adoption Cluster:</b>				
<u>Administration:</u>				
IV-E CPS	93.658	142,019	58,188	83,831
IV-E Foster Care	93.658	169,057	44,623	44,625
IV-E Foster Care/ Off Trn	93.658	341,414	-	341,414
IV-E Adoption	93.659	4,365	-	-
IV-E Adoption Training	93.659	18,542	-	18,542
IV-E Adoption Training 50%	93.659	25	-	25
<u>Direct Benefit Payments:</u>				
IV-E Adopt Subsidy & Vendor	93.659	658,096	173,815	173,815
IV-E Admin County Paid to CCI	93.658	1,994	997	997
IV-E Family Foster Max	93.658	1,441	-	759
IV-E Foster Care	93.658	430,452	42,228	151,970
IV-E Foster Care in Excess	93.658	79,078	20,874	20,874
IV-E Medicaid Maximization	93.658	149,635	-	-
IV-E Max Level III	93.658	-	-	-
<b>Total Foster Care and Adoption Cluster</b>		<b>1,996,118</b>	<b>340,725</b>	<b>836,852</b>
<b>Total U.S. Department of Health and Human Services</b>		<b>73,734,821</b>	<b>36,562,091</b>	<b>4,154,635</b>
<b>Corporation for National and Community Service:</b>				
Direct Programs:				
Aging Action Retired Senior Volunteer Program	94.002	48,779	-	13,700
<b>U. S. Department of Homeland Security:</b>				
Passed-Through N. C. Department of Crime Control and Public Safety				
Emergency Management Performance Grant	97.042	2,000	-	-
<b>Total U.S. Department of Homeland Security</b>		<b>2,000</b>	<b>-</b>	<b>-</b>
<b>Environmental Protection Agency</b>				
Passed through NC Dept. of Environment and Natural Resources				
Capitalization Grants for Clean Water State				
Revolving Loans (Note 2)	64.458/ CS370884-01	2,099,099	-	-
<b>Total Environmental Protection Agency</b>		<b>2,099,099</b>	<b>-</b>	<b>-</b>
<b>U. S. Department of Treasury:</b>				
Volunteer Income tax Assistance (VITA) Matching Grant	21.009	8,540	-	-
<b>Total Federal awards</b>		<b>83,734,423</b>	<b>36,579,410</b>	<b>5,230,937</b>
<b>State Awards:</b>				
<b>N. C. Department of Health and Human Services:</b>				
<u>Division of Social Services:</u>				
<u>Administration:</u>				
AFDC Incent/Prog Integrity		-	782	-
<u>Direct Benefit Payments:</u>				
CWS Adopt Subsidy & Vendor		-	277,200	84,278
F/C at risk maximization		-	486	257
Foster Care Special Provision		-	-	-
State/County Special Assistance Domiciliary Care Pmt		-	730,162	730,162
State County Special Assistance		13,041	-	44,183
SFHS Maximization		-	21,204	21,204
State Foster Home		-	61,425	61,425
Work First Non Reimbursable		-	-	211,511
County Funded Programs		-	-	2,344,941
Non Allocated County Cost		-	-	803,292
<b>Total Division of Social Services</b>		<b>13,041</b>	<b>1,091,259</b>	<b>4,301,253</b>
<u>Office of Juvenile Justice:</u>				
Community Based Alternatives	536920	-	296,400	-
<u>Division of Child Health:</u>				
Smart Start		-	70,000	-

Orange County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Federal Grantor/Program Title	CFDA	Federal Expenditures	State Expenditures	Local Expenditures
	Number/ Grant			
<b>Division of Public Health:</b>				
Environmental Health	-	-	4,000	-
General Aid to Counties	-	-	105,885	-
General Communicable Disease Control	-	-	3,708	-
Public Health Nursing	-	-	3,200	-
Risk Reduction/Health Promotion	-	-	6,826	-
Interpreter Grant II	-	-	20,900	-
Women's Health Service Fund	-	-	4,095	-
Tuberculosis	-	-	12,995	-
TB Medical Services	-	-	1,776	-
Healthy Communities	-	-	2,840	-
Total Division of Public Health	-	-	166,225	-
<b>Total N. C. Department of Health and Human Services</b>		13,041	1,623,884	4,301,253
<b><u>N.C. Department of Transportation:</u></b>				
<b><u>Rural Operating Assistance Program</u></b>				
Elderly and Disabled Transportation Assistance Program	-	-	72,269	-
Work First Program	-	-	32,710	-
Rural General Public Program	-	-	76,782	-
<b>Total N. C. Department of Transportation</b>	-	-	181,761	-
<b><u>N. C. Department of Cultural Resources:</u></b>				
State Arts Grant	-	-	30,482	-
<b><u>Division of State Library:</u></b>				
State Aid to Public Libraries	-	-	116,082	1,968,746
<b>Total N. C. Department of Cultural Resources</b>	-	-	146,564	1,968,746
<b><u>N. C. Department of Corrections</u></b>				
Criminal Justice Partnership	-	-	308,130	34,183
<b><u>N.C. Department of Environment and Natural Resources</u></b>				
NC Tobacco Trust	-	-	6,221	-
Golden Leaf Foundation	-	-	50,000	-
RAFI Grant	-	-	24,496	-
Enhancing Sustainable Specialty Crop Grant	-	-	79,950	-
<b><u>N. C. Department of Public Instruction:</u></b>				
Public School Capital Building Fund - Lottery Proceeds	-	-	1,396,135	-
<b><u>N.C. Department of Insurance</u></b>				
SHIIP Funds	-	-	8,055	-
<b>Total State awards</b>		13,041	3,825,196	6,304,182
<b>Total Federal and State Awards</b>		\$ 83,747,464	\$ 40,404,606	\$ 11,535,119

**1. Basis of Presentation**

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

**2. Loans Outstanding**

Orange County had the following loan balances outstanding at June 30, 2013. These loan balances outstanding are also included in the federal expenditures presented in the schedule. Debt service will not be paid until the project is completed. As of June 30, 2013, the projects financed with the loans are not complete and expected to be completed by December 31, 2013

Program Title	Pass-through Grantor's Number	Amount Outstanding
Capitalization Grants for State Revolving Funds	CS370884-01	\$ 2,090,099

Orange County, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended June 30, 2013

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
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3. Subrecipients

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

<u>Program Title</u>	Pass-through Grantor's Number	Federal Expenditures	State Expenditures
Public School Building Capital Fund - Lottery Proceeds	\$	-	\$ 1,396,135

4. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption \$ 5,330,733

