



West Campus Offices

***Comprehensive Annual
Financial Report
Year Ended June 30, 2010***

Orange County, North Carolina

Comprehensive Annual Financial Report

Year Ended June 30, 2010



Valerie Foushee
Chair, Board of County Commissioners

Frank Clifton
County Manager

Clarence G. Grier, CPA
Financial Services Director

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ORANGE COUNTY, NORTH CAROLINA

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ORANGE COUNTY
Financial Services Department

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October 22, 2010

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

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, I hereby issue the comprehensive annual financial report ("CAFR") of Orange County for the fiscal year ended June 30, 2010.

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

The County's financial statements have been audited by Martin Starnes & Associates, CPA, PA, a firm of licensed certified public accountants. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. This opinion can be found at the beginning of the financial section of this document. In addition to the independent audit of the financial statements, the County is required to undergo an annual "Single Audit" designed to meet the special needs of federal grantor agencies. Information regarding this audit is submitted in the Compliance Sections of this report and includes the schedules of financial assistance and findings and questioned costs and the independent auditors' reports on the internal control structure and on compliance.

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

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COUNTY PROFILE

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

The County operates under a Commissioner-Manager form of government. The governing body of the County is the Board of County Commissioners, which formulates policies for the administration of the County. In addition, the Board annually adopts a balanced budget and establishes a tax rate for the support of the County's programs. The Board consists of five 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 110,000 jobs in the last five 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 2009 was 7.3% and for September 2010 was 5.7%, one of the lowest in the State. (State average was 9.1% for September 10.9% for calendar year 2009.)

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 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, 2010, approximately 53,000 people were employed at the Park with an annual payroll of approximately \$4.5 billion with an average salary of \$68,000. Approximately 87% of the employees in the Park work for multinational corporations. Because of its close proximity to the County and the fact that many of the Parks' employees reside in the County, the impact of the Park on the County's economy is significant.

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

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

Fiscal Outlook. The adopted 2010-11 budget included General Fund appropriation of \$175.7 million which is a reduction of \$1.9 million from prior years' original budget, and \$7.4 million from the final approved budget. Reflective of previous fiscal years, the County continued its traditional commitment to public schools earmarking nearly one-half of the County's 2010-11 General Fund Budget of \$175.7 million for education. The Board adopted a property tax rate of .858 cents per hundred for Fiscal 2010-11 which was the first time in 20 years that the property tax rate was not increased to balance the budget. The assessed value for the upcoming year is estimated to be nearly 15.4 billion with a tax rate of \$0.858 per \$100 of value year. There is only a nominal appropriation from fund balance in the 2010-11 budget which should help to stabilize the fund balance as the County deals with the flat and declining revenues which have resulted from the continued recession. The Board's adoption of the same property tax reflects their desire to not increase the burden on the citizens during these difficult times. The County's financial condition remains strong and stable.

In the capital improvement area county facilities will be further developed including the completing of construction of county facilities as a result of financing issued during fiscal 2008-09.

The county completed the County Campus in Hillsborough, which included the public works building and the library. Additionally, the county issued Qualified School Construction Bonds to finance construction of the Carrboro High School Arts Wing. In the upcoming fiscal year the County plans to issue some additional Alternative Financing under the Qualified School Construction Bond Program as well as refund a substantial portion of the County's debt. The total amount will be between \$9.9 and \$84.5 million depending on the status of interest rates during the fiscal year. Additionally Construction of an 11th elementary school for the Chapel Hill Carrboro School District is in the planning stages however that will not be financed until fiscal year 2011-12 or 2012-13.

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. The reduction of the budget by \$1.9 million in fiscal year 2010-11 and the desire to have no tax increase in 2010-11 means that the County's debt service as a percentage of budget will be higher than 15% which is the goal the County wishes to strive to maintain. The Board has set an available fund balance minimum of 8%; however it has a goal of being able to reach 17%. Over the past several fiscal years the County has steadily moved toward this goal and had nearly reached it in fiscal year 2007-2008; this current fiscal year ended June 30, 2010, we have reversed the trend of reductions in fund balance from the previous two fiscal years. The Board intends to discuss its current debt service and fund balance policies during the upcoming process to better define these policies and set a firmer basis for the fund balance to improve financial stability.

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, 2009. This marks the twenty-seventh consecutive year that Orange County has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

The County also received the GFOA's award for Distinguished Budget Presentation for its 2010 annual budget document. This is the 19th year that the award has been presented to the County. In order to qualify for this award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. The Budget Department believes the fiscal year 2011 budget continues to conform to program requirements and is submitting it to the GFOA to determine eligibility for another award.

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

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

Respectfully submitted,

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

Clarence G. Grier, CPA, CITP
Financial Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orange County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emerz".

Executive Director

Board of County Commissioners

June 30, 2010



Valerie Foushee Chair

Bernadette Pelissier Vice Chair

Alice M. Gordon

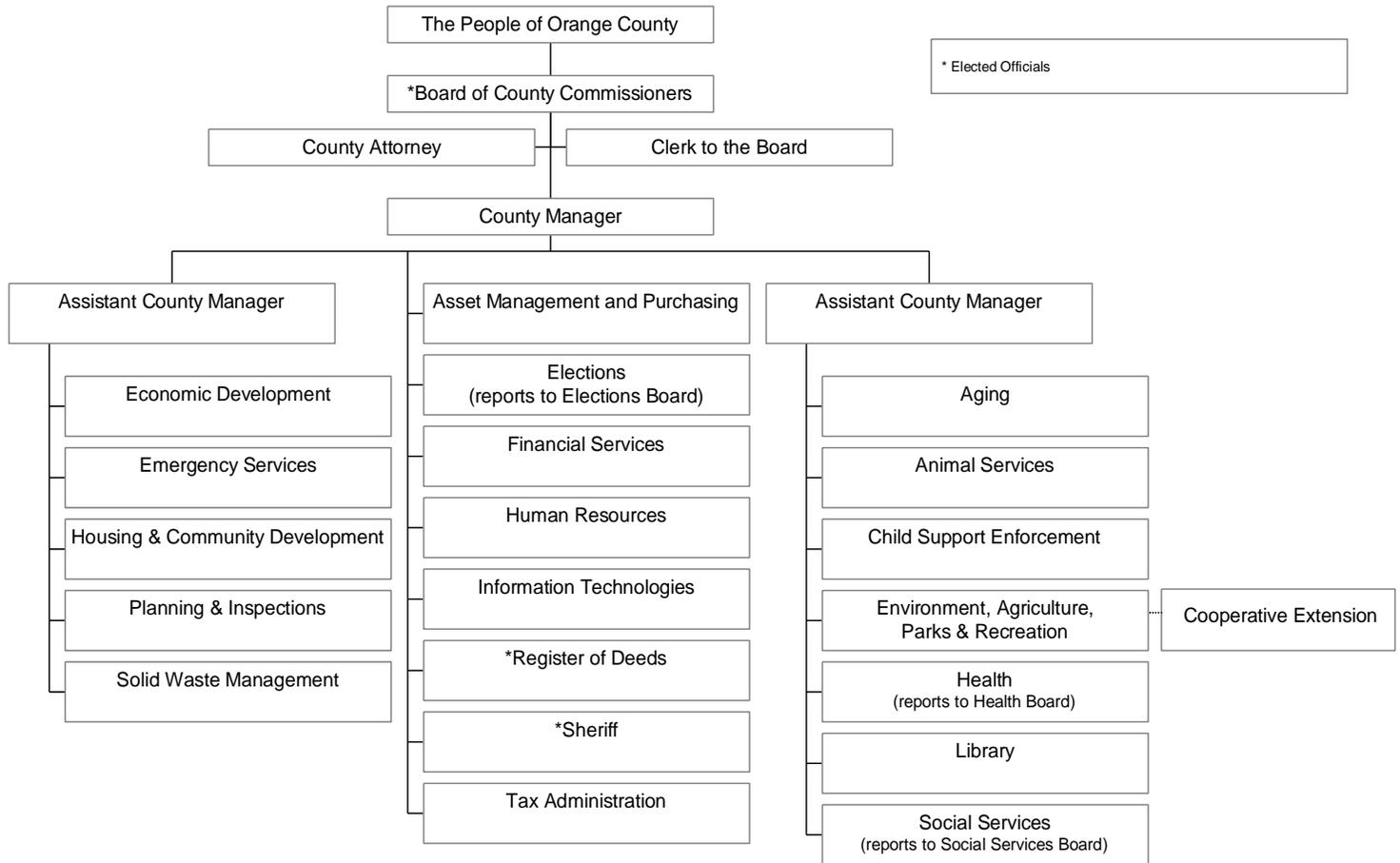
Pam Hemminger

Barry Jacobs

Mike Nelson

Steve Yuhasz

Orange County Government



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Financial Section

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

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

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Orange County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Orange County ABC Board (the "Board"), which represents 100% of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by an other auditor whose report there on has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on reports of the other auditor.

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

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2010, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2010, on our consideration of Orange County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Law Enforcement Officers' Special Separation Allowance and Other Post-employment Benefits Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively Orange County, North Carolina's basic financial statements. The introductory section, combined and individual fund financial statements and schedules, other budgetary schedules, and additional financial data, and the statistical tables as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, other budgetary schedules, and additional financial data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 11, 2010

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

As management of the County, we offer readers of Orange County's (the "County") financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

The liabilities of the County exceeded its assets at the close of the fiscal year by \$74.9 million (net assets). In accordance with North Carolina law, liabilities of the County include approximately \$138.2 million in long-term debt associated with assets belonging to the Orange County Board of Education and the Chapel Hill-Carrboro City Board of Education. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a net deficit in net assets.

The government's total net assets increased by \$16.3 million. This increase results from a reduction of County expenditures/expenses to face the results of the economic recession.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$57.6 million, a decrease of \$15.0 million in comparison with the prior year. This results mainly from the expending of proceeds from debt financing and other sources of capital project financing totaling \$33.2 million in the current year. Approximately 76.6 percent of the ending fund balance or \$44.1 million is available for spending at the government's discretion (unreserved fund balance). Of this amount, \$18.2 million has been designated for subsequent year's expenditures for programs, grants, and capital purposes. Undesignated fund balance totals \$25.9 million.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$21.5 million, or 12.8 percent of total General Fund expenditures for the fiscal year.

The County maintained its AAA (Fitch IBCA), Aa1 (Moody's Investor Services), and AA+ (Standard & Poor's) bond rating on general obligation bonds for the 13th consecutive year. Fitch conducted a ratings review subsequent to the end of the fiscal year and reaffirmed the County's AAA rating. Moody's Investor Service upgraded the County's rating in May of 2010 from Aa2 to Aa1.

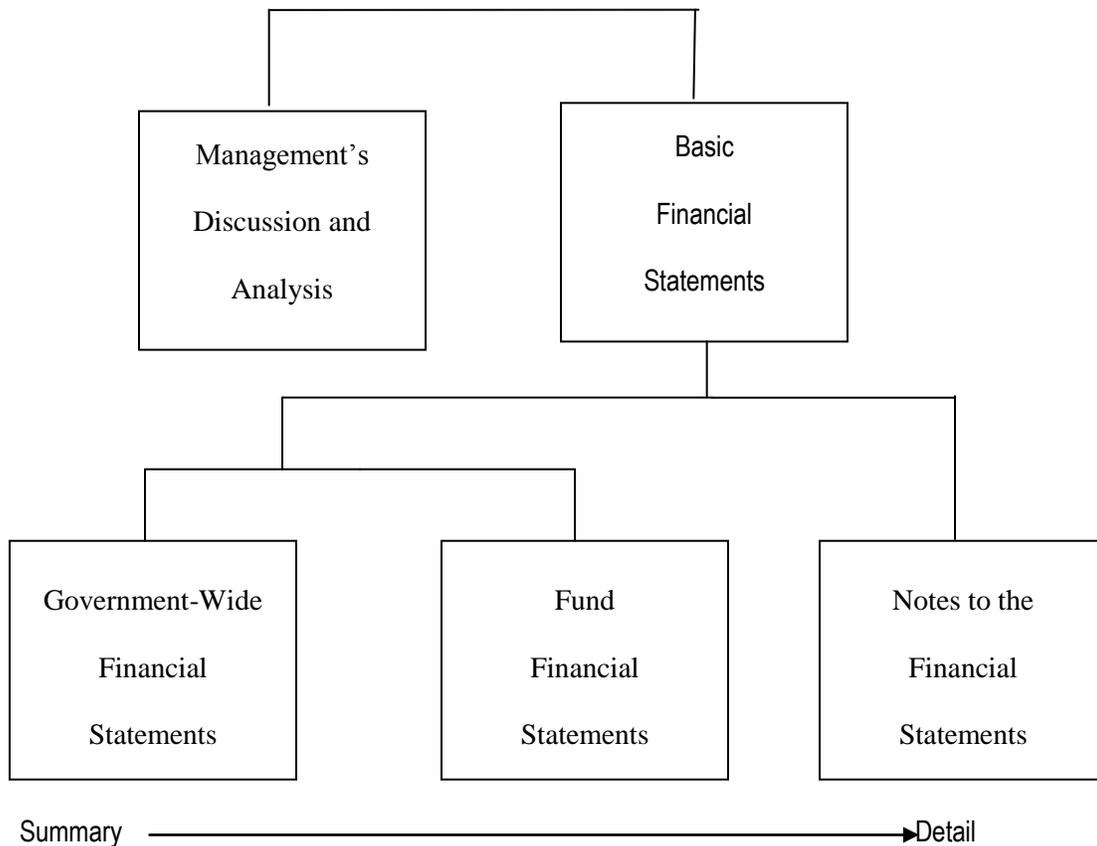
Overview of the Financial Statements

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

Management's Discussion and Analysis (Unaudited)

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

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

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements are on pages 32 - 65 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 66 of this report.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$ 68,149,649	\$ 84,366,025	\$ 12,031,762	\$ 10,187,962	\$ 80,181,411	\$ 94,553,987
Capital assets	104,552,090	77,798,925	16,915,611	18,054,634	121,467,701	95,853,559
Total assets	172,701,739	162,164,950	28,947,373	28,242,596	201,649,112	190,407,546
Liabilities:						
Long-term liabilities outstanding	244,191,450	251,630,375	20,841,512	17,802,493	265,032,962	269,432,868
Other liabilities	10,616,657	11,186,922	900,697	1,003,204	11,517,354	12,190,126
Total liabilities	254,808,107	262,817,297	21,742,209	18,805,697	276,550,316	281,622,994
Net Assets:						
Invested in capital assets, net of related debt	31,659,037	15,390,929	7,762,990	7,932,387	39,422,027	23,323,316
Unrestricted	(113,765,405)	(116,043,276)	(557,826)	1,459,512	(114,323,231)	(114,583,764)
Total net assets	\$ (82,106,368)	\$ (100,652,347)	\$ 7,205,164	\$ 9,391,899	\$ (74,901,204)	\$ (91,260,448)

As noted earlier, net assets may serve, over time, as one useful indicator of a government's financial condition. The liabilities of the County exceeded assets by \$74.9 million as of June 30, 2010. Net assets are reported in two categories: invested in capital assets, net of related debt, of \$39.4 million, and unrestricted net deficit of \$114.3 million.

The invested in capital assets, net of related debt, category is defined as the County's investment in County-owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and sewer lines), less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. At June 30, 2010, there is an increase of \$16.1 million in the County's investment in capital assets, net of related debt.

The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2010, the total net deficit reported of \$74.9 million is attributable to the unrestricted net deficit balance of (\$114.3) million, which results from the debt financing related to school assets.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

As with many counties in the State of North Carolina, the County's deficit in unrestricted net assets is due primarily to the portion of the County's outstanding debt incurred for the two school systems located within the County. Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal obligation to provide the school systems capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the school systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$138.2 million of the outstanding debt on the County's financial statements was related to assets included in the school systems' financial statements. The majority of this school system-related debt is general obligation debt, which is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which such requirements become due. The majority of the non-general obligation debt is repaid from a combination of school systems impact fees, sales taxes earmarked for school capital, education lottery proceeds, and ad valorem property taxes allocated to school capital.

As noted earlier, the government's total net assets increased by \$16.3 million. This increase resulted from a combination of an increase in revenues in governmental activities and a decrease in expenses. This was, in part, offset by an increase in expenses in Business Activities. In addition, the following positive operational initiatives and results are noted:

- The County's continued diligence in the collection of property taxes, by maintaining a collection percentage of approximately 99%, higher than the State-wide average of 97%
- The County continued to lead the State in per-pupil funding for education.
- The County used proceeds from two installment purchase financings in the prior year to finish the construction of a new Office Building and a new Main Library in the Town of Hillsborough through a design build process, provide additional park facilities and open space, and a new appraisal and tax collection system.
- The undesignated fund balance in the County's General Fund reflected an increase of \$2.1 million from the prior year. This increase occurred primarily from increase tax collections and a decrease in expenditures that offset the loss of sales tax revenues. Unrestricted fund balance is expected to increase in future fiscal years as the Board has committed to increasing fund balance with the return of improved economic conditions.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 11,926,481	\$ 11,707,014	\$ 10,724,011	\$ 10,233,917	\$ 22,650,492	\$ 21,940,931
Operating grants and contributions	25,180,675	23,255,128	434,968	401,180	25,615,643	23,656,308
Capital grants and contributions	4,270,546	5,900,817	-	-	4,270,546	5,900,817
General revenues:						
Property taxes	137,966,129	130,773,568	-	-	137,966,129	130,773,568
Other taxes	15,441,100	19,736,772	-	-	15,441,100	19,736,772
Other	627,687	2,793,434	118,693	148,956	746,380	2,942,390
Total revenues	195,412,618	194,166,733	11,277,672	10,784,053	206,690,290	204,950,786
Expenses:						
General government	30,192,850	10,816,693	-	-	30,192,850	10,816,693
General services	-	18,730,842	-	-	-	18,730,842
Community and environment	12,726,270	10,932,997	-	-	12,726,270	10,932,997
Human services	33,011,737	37,604,903	-	-	33,011,737	37,604,903
Education	66,641,699	74,276,350	-	-	66,641,699	74,276,350
Public safety	21,796,091	20,166,400	-	-	21,796,091	20,166,400
Cultural and recreation	1,007,304	3,751,394	-	-	1,007,304	3,751,394
Interest on long-term debt	10,495,788	9,539,848	-	-	10,495,788	9,539,848
Landfill	-	-	11,216,161	10,036,966	11,216,161	10,036,966
Sewer	-	-	305,171	269,822	305,171	269,822
SportsPlex	-	-	2,937,975	3,145,593	2,937,975	3,145,593
Total expenses	175,871,739	185,819,427	14,459,307	13,452,381	190,331,046	199,271,808
Increase (decrease) in net assets						
before transfers	19,540,879	8,347,306	(3,181,635)	(2,668,328)	16,359,244	5,678,978
Transfers of capital assets	-	(504,375)	-	504,375	-	-
Transfers	(994,900)	(571,380)	994,900	571,380	-	-
Total transfers and contributions	(994,900)	(1,075,755)	994,900	1,075,755	-	-
Increase(decrease) in net assets	18,545,979	7,271,551	(2,186,735)	(1,592,573)	16,359,244	5,678,978
Net Assets:						
Beginning of year - July 1	(100,652,347)	(107,923,898)	9,391,899	10,984,472	(91,260,448)	(96,939,426)
End of year - June 30	\$ (82,106,368)	\$ (100,652,347)	\$ 7,205,164	\$ 9,391,899	\$ (74,901,204)	\$ (91,260,448)

Governmental Activities. Governmental activities increased the County's net assets by \$18.5 million. Key elements of this increase are as follows:

- Increased property tax revenue.
- An increase in Operating Grants and contributions
- Decreased expenditures in Governing and Management due to the reo-organizing departments within the County
- Decreased expenditures for Human Services due to reduced federal and aetate funds received
- Decreased expenditures for Education due to budget constraints

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

Business-Type Activities. Business-type activities decreased the County's net assets by \$2.2 million. This decrease came from increases in operating losses in each of the three business activities combined with decreases in operating transfers and the fact that there was no capital contribution.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, unreserved 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, undesignated fund balance of the General Fund was \$21.1 million, while total fund balance equaled \$31.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures and transfers. Undesignated fund balance represents 11.8 percent of total General Fund expenditures and transfers, while total fund balance represents 17.6 percent of that same amount. The increase in fund balance resulted from revenues exceeding expenditures and transfers by \$1.28 million.

General Fund revenue of \$177.7 million was slightly higher than the final amended budget. Property tax revenue which makes up 75.2% of General Fund budgeted revenue was \$3.3 million more than budget. Property tax increased by \$5.8 million from last year, or 4.6% from last year, primarily due to a 1.1% increase in the property tax base. Intergovernmental revenue, the second largest revenue source for the General Fund, increased marginally largely reflecting increases in federal and State grant revenue related to areas which provide economic assistance to individuals and families. Sales tax revenue, which is the third largest revenue source, decreased by \$3.1 million from last year to \$15 million. A decline in sales tax revenue was projected to occur due to the implementation of a tradeoff of giving the State the proceeds of a one cent local sales tax (Article 44) in return for the State assuming the local share of Medicaid funding which was fully implemented in fiscal year 2010. Additionally, the Article 42 one-half cent tax distribution formula was changed from a per capita based formula to a point of sale formula. With the change in the distribution formulas, the worsening of the economic recession, and the Medicaid funding swap, the sales tax revenues decreased \$3.1 million. Charges for services, licenses and permits, and miscellaneous revenues all came in either slightly higher or lower than budget. Investment earnings declined by \$.58 million, in part, due to decline in interest rates.

General Fund expenditures decreased \$5.1 million from last year to \$178.9 million. Expenditures were \$6.9 million, or 4.0% under budget, which is below last year, which was 4.3% below budget. This can be attributed, in part, to management's directive to departments to reduce non-essential expenditures, a freeze on capital expenditures, and delayed filling of vacant positions. This step assisted in the increase of undesignated fund balance of the General Fund. Expenditures decreased by 4.3% from the previous fiscal year, which is less than the increase in the final budget from the prior year of 7.7%. General services had the largest decrease this fiscal year due to department being merged into General

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

Government. Human Services had the second largest decrease of \$2.0 million, or 5.5%, due to reductions in federal and State funding received, as the Board maintained its commitment to school funding. Debt Service decreased by \$.39 million primarily due to principal payments beginning on debt issued at the end of 2009.

The County Capital Improvement Fund reflected a decrease in fund balance of \$19.5 million. The School Capital Improvement Fund reflected an increase in fund balance of \$4.2 million. The decrease in the County capital project fund is primarily a result of expending proceeds from the prior year debt issuance of \$38.7 million and pay-as-you-go transfers from the General Fund of \$6.8 million offset by expenditures on a variety of projects. The School Capital Project Fund increase was primarily the result of the receipt of \$4.3 million from the transfer of pay-as-you-go revenue from the General Fund, \$1.9 in State lottery funds, and \$4.1 million of proceeds from Qualified School Construction Bonds issued, offset by project expenditures.

At June 30, 2010, the nonmajor governmental funds of the County reported a combined fund balance of \$5.9 million, a decrease of \$.92 million from last year. This decrease is attributable mainly to the expenditure of grant funds and other sources in the various nonmajor governmental funds.

Proprietary Funds. As mentioned previously in business-type activities, the net assets in the enterprise funds decreased by \$2.1 million. This decrease came primarily from increases in operating losses in each of the three business activities combined with decreases in operating transfers and the fact that there was no capital contribution. Revenue decreased slightly in all proprietary funds, but these increases were offset by increases in all three enterprise funds. The most significant increase in expenses relates to post-closure costs in the Solid Waste Enterprise Fund, which went up by \$3.8 million.

General Fund Budgetary Highlights. During the 2010 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 2010, the County's contribution to education funding, including operations, short and long-range capital needs, and debt service obligations, totaled \$92.5 million, over 43.2 percent of the total governmental funds expenditures for the year.

The County revised the budget on several occasions. Generally, budget amendments fall into one of four categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) carryover of funding for outstanding purchase orders at year-end related to significant commitments and projects; 3) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services. In 2010, an additional appropriation from fund balance during the year of \$1.7 million was necessary to provide additional funding for capital projects. Total amendments to the General Fund increased appropriations by approximately \$8.4 million.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net assets in the proprietary funds at the end of the fiscal year amounted to \$(.56) million. As previously indicated, the decrease in net assets for the proprietary funds was \$2.1 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, 2010 totals \$121.5 million (net of accumulated depreciation). These assets include land, buildings, automotive equipment, office and other equipment, and sewer lines.

**The County Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 13,008,016	\$ 13,008,016	\$ 1,907,609	\$ 1,907,609	\$ 14,915,625	\$ 14,915,625
Land improvements	4,949,636	-	684,848	703,850	5,634,484	703,850
Water resources, Lake Orange	481,624	481,624	-	-	481,624	481,624
Buildings	71,074,411	53,557,070	9,359,403	9,626,294	80,433,814	63,183,364
Leasehold improvements	3,326,361	-	-	-	3,326,361	-
Sewer lines	-	-	2,819,819	2,912,516	2,819,819	2,912,516
Automotive equipment	1,258,797	1,500,593	-	-	1,258,797	1,500,593
Office and other equipment	1,750,687	1,437,989	1,968,998	2,684,431	3,719,685	-
Construction in progress	8,702,558	7,813,633	174,934	174,934	8,877,492	7,988,567
Total	\$ 104,552,090	\$ 77,798,925	\$ 16,915,611	\$ 18,009,634	\$ 121,467,701	\$ 91,686,139

Major capital asset transactions during the year include:

- Purchased Sheriff vehicles and other vehicles
- The completion of a significant number of new County facilities including AMPS Building, new Main Library, the Justice Facility, and leasehold improvements to Hillsborough Commons
- Purchased various office equipment for day-to-day operations
- Purchased landfill equipment

Additional information on the County's capital assets can be found in Note 4 of the Basic Financial Statements.

Long-Term Debt. As of June 30, 2010, the County had total bonded debt outstanding of \$112.5 million, all of which is debt backed by the full faith and credit of the County. In addition, the County has several capital leases related to equipment financings outstanding of \$3.0 million and several installment notes with a total outstanding balance of \$117 million. A summary of total long-term debt and other long-term liabilities is shown in Figure 5.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

The County's Long Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 112,520,000	\$ 121,415,000	\$ -	\$ -	\$ 112,520,000	\$ 121,415,000
Installment notes payable	109,163,100	113,038,877	8,147,896	8,634,353	117,310,996	121,673,230
Obligations under capital leases	2,049,520	2,382,346	1,004,725	1,442,894	3,054,245	3,825,240
Bond issuance items, net	1,160,617	(549,389)	-	-	1,160,617	(549,389)
Accrued compensated absences	3,260,837	3,384,047	200,685	185,311	3,461,522	3,569,358
Separation allowance	448,609	464,777	-	-	448,609	464,777
Post-closure liability	-	-	10,702,218	6,901,744	10,702,218	6,901,744
OPEB liability	15,588,767	11,494,717	785,988	638,191	16,374,755	12,132,908
Total	\$ 244,191,450	\$ 251,630,375	\$ 20,841,512	\$ 17,802,493	\$ 265,032,962	\$ 269,432,868

The County's total debt decreased by \$4.4 million, or 1.6%, during the past fiscal year. The increase is mainly due to principal payments for the outstanding debt obligation net of proceeds received for Qualified School Construction Bonds of \$4.1 million, increases in OPEB liability of \$4.2 million, and increases in the post-closure liability for the landfill of \$3.8.

The County's most recent bond ratings, received in connection with the general obligation refunding bonds issued in February 2010, are shown below:

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

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is approximately \$1 billion. The County has \$232.6 million total net debt applicable to the limit. The County has \$6,900,000 in bonds authorized, but unissued, at June 30, 2010.

Additional information regarding the County's long-term debt can be found in Note 6 on pages 47 - 51 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.

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

The County enjoys a consistently low unemployment rate. The unemployment rate estimated by the North Carolina Employment Security Commission for September 2009 was 6.3%, one of the lowest in the State.

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

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

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

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

According to the Research Triangle Foundation, the Park represents a capital investment exceeding \$2.8 billion. As of June 2010, approximately 42,000 people were employed at the Park with an annual payroll of approximately \$2.7 billion with an average salary of \$57,500. Approximately 82% of the employees in the Park work for multi-national corporations. Because of its close proximity to the County and the fact that many of the Park's employees reside in the County, the impact of the Park on the County's economy is significant.

Budget Highlights for the Fiscal Year Ended June 30, 2011

Governmental Activities: The County has approved a \$175.3 million General Fund budget for fiscal year 2011 which represents a \$2.3 million, or 1.3%, decrease from fiscal year 2010. This was accomplished by not increasing the property tax rate for the upcoming fiscal year. This was the first time in twenty years property taxes were not increased. This was also accomplished in spite of the fact that a decline in revenue was projected of 3.9%. Expenditures were reduced by \$6.2 million. Budgeted expenditures for education was held at the same per-pupil allocation of \$3,096. Additionally, the County intends to issue debt to fund the construction of additions and renovations to school facilities, to fund the acquisition of information systems and the acquisition of telephone systems.

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

Orange County, North Carolina

Management's Discussion and Analysis (Unaudited)

Requests for Information

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

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

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Basic Financial Statements

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ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Unit	Reporting Unit
	Governmental Activities	Business-Type Activities	Total	Orange County ABC Board	Total
Assets:					
Cash and investments	\$ 39,579,792	\$ 11,840,557	\$ 51,420,349	\$ 1,666,900	\$ 53,087,249
Receivables, property taxes, net	2,388,700	-	2,388,700	-	2,388,700
Receivables, federal intergovernmental	705,728	-	705,728	-	705,728
Receivables, State intergovernmental	7,723,361	58,570	7,781,931	-	7,781,931
Receivables, other	851,260	318,828	1,170,088	1,240	1,171,328
Inventories	143,078	-	143,078	1,232,280	1,375,358
Internal balances	202,983	(202,983)	-	-	-
Prepaid expenses	-	16,790	16,790	107,229	124,019
Restricted assets:					
Temporarily restricted:					
Cash and investments	15,371,869	-	15,371,869	-	15,371,869
Other assets	1,182,878	-	1,182,878	10,572	1,193,450
Capital assets:					
Non-depreciable	27,141,834	2,082,543	29,224,377	474,704	29,699,081
Depreciable, net	77,410,256	14,833,068	92,243,324	1,370,841	93,614,165
Total assets	<u>172,701,739</u>	<u>28,947,373</u>	<u>201,649,112</u>	<u>4,863,766</u>	<u>206,512,878</u>
Liabilities:					
Accounts payable	3,783,719	510,542	4,294,261	428,732	4,722,993
Payroll withholdings	1,032,460	74,943	1,107,403	-	1,107,403
Accrued liabilities	4,696,561	152,705	4,849,266	357,482	5,206,748
Arbitrage payable	110,300	-	110,300	-	110,300
Unearned revenues	993,617	162,507	1,156,124	-	1,156,124
Long-term liabilities:					
Due within one year	20,784,726	967,735	21,752,461	-	21,752,461
Due in more than one year	223,406,724	19,873,777	243,280,501	-	243,280,501
Total liabilities	<u>254,808,107</u>	<u>21,742,209</u>	<u>276,550,316</u>	<u>786,214</u>	<u>277,336,530</u>
Net Assets:					
Invested in capital assets, net of related debt	31,659,037	7,762,990	39,422,027	1,845,545	41,267,572
Unrestricted	(113,765,405)	(557,826)	(114,323,231)	2,232,007	(112,091,224)
Total net assets	<u>\$ (82,106,368)</u>	<u>\$ 7,205,164</u>	<u>\$ (74,901,204)</u>	<u>\$ 4,077,552</u>	<u>\$ (70,823,652)</u>

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

ORANGE COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
Governing and management	\$ 23,366,641	\$ 1,277,415	\$ 882,331	\$ -
General Services	6,826,209	3,212,061	112,118	326,069
Community and environment	12,726,270	113,661	373,714	42,000
Human services	33,011,737	1,696,349	22,913,709	252,253
Education	66,641,699	-	-	3,117,713
Public safety	21,796,091	5,427,512	718,541	532,511
Culture and recreation	1,007,304	199,483	180,262	-
Interest on long-term debt	10,495,788	-	-	-
Total governmental activities	<u>175,871,739</u>	<u>11,926,481</u>	<u>25,180,675</u>	<u>4,270,546</u>
Business-Type Activities:				
Landfill	11,216,161	8,165,176	434,968	100,690
Sewer	305,171	89,001	-	-
Sportsplex	2,937,975	2,469,834	-	-
Total business-type activities	<u>14,459,307</u>	<u>10,724,011</u>	<u>434,968</u>	<u>100,690</u>
Total primary government	<u>\$ 190,331,046</u>	<u>\$ 22,650,492</u>	<u>\$ 25,615,643</u>	<u>\$ 4,371,236</u>
Component Unit:				
ABC Board	<u>\$ 13,518,506</u>	<u>\$ 13,634,350</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Property taxes
 Sales tax
 Occupancy tax
 Unrestricted investment earnings
 Miscellaneous

Transfers
 Total general revenues and transfers

Change in net assets

Net Assets:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	Reporting Unit
Governmental Activities	Business-Type Activities	Total	Orange County ABC Board	Total
\$ (21,206,895)	\$ -	\$ (21,206,895)	\$ -	\$ (21,206,895)
(3,175,961)	-	(3,175,961)	-	(3,175,961)
(12,196,895)	-	(12,196,895)	-	(12,196,895)
(8,149,426)	-	(8,149,426)	-	(8,149,426)
(63,523,986)	-	(63,523,986)	-	(63,523,986)
(15,117,527)	-	(15,117,527)	-	(15,117,527)
(627,559)	-	(627,559)	-	(627,559)
(10,495,788)	-	(10,495,788)	-	(10,495,788)
<u>(134,494,037)</u>	<u>-</u>	<u>(134,494,037)</u>	<u>-</u>	<u>(134,494,037)</u>
-	(2,515,327)	(2,515,327)	-	(2,515,327)
-	(216,170)	(216,170)	-	(216,170)
<u>-</u>	<u>(468,141)</u>	<u>(468,141)</u>	<u>-</u>	<u>(468,141)</u>
<u>-</u>	<u>(3,199,638)</u>	<u>(3,199,638)</u>	<u>-</u>	<u>(3,199,638)</u>
<u>(134,494,037)</u>	<u>(3,199,638)</u>	<u>(137,693,675)</u>	<u>-</u>	<u>(137,693,675)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>115,844</u>	<u>115,844</u>
137,966,129	-	137,966,129	-	137,966,129
14,565,350	-	14,565,350	-	14,565,350
875,750	-	875,750	-	875,750
126,407	18,003	144,410	8,676	153,086
501,280	-	501,280	-	501,280
<u>(994,900)</u>	<u>994,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>153,040,016</u>	<u>1,012,903</u>	<u>154,052,919</u>	<u>8,676</u>	<u>154,061,595</u>
18,545,979	(2,186,735)	16,359,244	124,520	16,483,764
<u>(100,652,347)</u>	<u>9,391,899</u>	<u>(91,260,448)</u>	<u>3,953,032</u>	<u>(87,307,416)</u>
<u>\$ (82,106,368)</u>	<u>\$ 7,205,164</u>	<u>\$ (74,901,204)</u>	<u>\$ 4,077,552</u>	<u>\$ (70,823,652)</u>

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

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	County Capital Improvements	School Capital Improvements	Other Governmental Funds	
Assets:					
Cash and investments	\$ 28,166,468	\$ 2,570,476	\$ 3,147,298	\$ 5,309,263	\$ 39,193,505
Accounts receivable, property taxes, net	2,305,989	-	-	82,711	2,388,700
Accounts receivable, federal	308,499	-	-	397,229	705,728
Accounts receivable, State	7,181,687	326,069	-	215,605	7,723,361
Accounts receivable, other	330,440	25,893	-	494,927	851,260
Inventories	143,078	-	-	-	143,078
Due from other funds	136,000	66,983	-	-	202,983
Restricted cash and investments	-	11,246,047	4,125,822	-	15,371,869
Total assets	<u>\$ 38,572,161</u>	<u>\$ 14,235,468</u>	<u>\$ 7,273,120</u>	<u>\$ 6,499,735</u>	<u>\$ 66,580,484</u>
Liabilities:					
Accounts payable	\$ 2,058,930	\$ 544,384	\$ 597,301	\$ 560,506	\$ 3,761,121
Accrued payroll and withholdings	1,032,460	-	-	-	1,032,460
Accrued liabilities	739,123	-	-	-	739,123
Arbitrage payable	-	40,170	70,130	-	110,300
Deferred revenue	3,299,606	-	-	82,712	3,382,318
Total liabilities	<u>7,130,119</u>	<u>584,554</u>	<u>667,431</u>	<u>643,218</u>	<u>9,025,322</u>
Fund Balances:					
Reserved for:					
Reserved for inventories	143,078	-	-	-	143,078
Reserved for encumbrances	1,843,044	2,825,440	-	84,949	4,753,433
Reserved for State statute	7,956,626	-	-	596,618	8,553,244
Unreserved, designated for subsequent year's expenditures reported in:					
General Fund	401,673	-	-	-	401,673
Capital projects funds	-	10,825,474	6,605,689	-	17,431,163
Special revenue funds	-	-	-	375,417	375,417
Unreserved, undesignated reported in:					
General Fund	21,097,621	-	-	-	21,097,621
Special revenue funds	-	-	-	4,799,533	4,799,533
Total fund balances	<u>31,442,042</u>	<u>13,650,914</u>	<u>6,605,689</u>	<u>5,856,517</u>	<u>57,555,162</u>
Total liabilities and fund balances	<u>\$ 38,572,161</u>	<u>\$ 14,235,468</u>	<u>\$ 7,273,120</u>	<u>\$ 6,499,735</u>	<u>\$ 66,580,484</u>

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

ORANGE COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010**

**Total
Governmental
Funds**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Ending fund balance - governmental funds	\$ 57,555,162
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	104,552,090
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,388,701
Accrued liabilities that do not pay for current financial obligations are not recorded in the governmental funds. This is the amount of accrued interest on long-term debt.	(3,957,438)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This is the amount of the deferred loan costs from the cost to issue debt.	1,182,878
Internal service funds are used by management to charge the costs of dental insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	363,689
Long-term liabilities, including bonds payable and other post-employment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(244,191,450)</u>
Net assets of governmental activities	<u>\$ (82,106,368)</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, 2010

	Major Funds			Nonmajor	Total
	General	County	School	Other	
		Capital	Capital	Governmental	
	Improvements	Improvements	Funds	Funds	
Revenues:					
Property taxes	\$ 133,637,920	\$ -	\$ -	\$ 4,130,751	\$ 137,768,671
Sales tax	15,005,367	-	435,733	-	15,441,100
Intergovernmental revenues	18,221,132	420,178	1,918,139	7,217,452	27,776,901
Charges for services	9,571,342	-	-	815,325	10,386,667
Investment earnings	88,207	24,673	1,686	11,106	125,672
Licenses and permits	328,216	-	-	-	328,216
Impact fees	-	-	-	1,214,819	1,214,819
Miscellaneous	818,879	1,199,574	-	501,511	2,519,964
Total revenues	<u>177,671,063</u>	<u>1,644,425</u>	<u>2,355,558</u>	<u>13,890,964</u>	<u>195,562,010</u>
Expenditures:					
Current:					
Governing and management	13,454,030	-	-	-	13,454,030
General services	7,106,493	-	-	2,343,577	9,450,070
Community and environment	6,169,692	-	-	6,144,856	12,314,548
Human services	33,812,781	-	-	235,739	34,048,520
Education	63,048,729	-	-	-	63,048,729
Public safety	16,655,660	-	-	4,154,750	20,810,410
Culture and recreation	1,790,199	-	-	-	1,790,199
Capital outlay	-	26,596,699	6,607,970	-	33,204,669
Debt service:					
Principal	17,180,037	-	-	-	17,180,037
Interest and fees	8,634,942	-	-	-	8,634,942
Total expenditures	<u>167,852,563</u>	<u>26,596,699</u>	<u>6,607,970</u>	<u>12,878,922</u>	<u>213,936,154</u>
Revenues over (under) expenditures	<u>9,818,500</u>	<u>(24,952,274)</u>	<u>(4,252,412)</u>	<u>1,012,042</u>	<u>(18,374,144)</u>
Other Financing Sources (Uses):					
Bond premium	-	1,762,954	-	-	1,762,954
Refunding bonds	-	22,455,000	-	-	22,455,000
Installment loan issuances	-	-	4,136,434	-	4,136,434
Payment to escrow agent	-	(24,021,358)	-	-	(24,021,358)
Transfer in	2,577,673	6,850,623	4,311,827	865,964	14,606,087
Transfers out	(11,115,066)	(1,685,000)	-	(2,800,921)	(15,600,987)
Total other financing sources (uses)	<u>(8,537,393)</u>	<u>5,362,219</u>	<u>8,448,261</u>	<u>(1,934,957)</u>	<u>3,338,130</u>
Net change in fund balances	1,281,107	(19,590,055)	4,195,849	(922,915)	(15,036,014)
Fund Balances:					
Beginning of year - July 1	<u>30,160,935</u>	<u>33,240,969</u>	<u>2,409,840</u>	<u>6,779,432</u>	<u>72,591,176</u>
End of year - June 30	<u>\$ 31,442,042</u>	<u>\$ 13,650,914</u>	<u>\$ 6,605,689</u>	<u>\$ 5,856,517</u>	<u>\$ 57,555,162</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, 2010

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) \$ (15,036,014)

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	30,215,995
Depreciation expense	(3,426,415)
Other capital adjustments	(36,415)

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

Change in deferred revenue	(169,539)
----------------------------	-----------

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.

	(21,373)
--	----------

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.

	(386,062)
--	-----------

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.

	(26,591,434)
--	--------------

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.

	17,180,037
--	------------

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.

	16,850,322
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The Internal Service Fund is used by management to charge the costs of dental insurance.

	<u>(33,123)</u>
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Change in net assets of governmental activities

	<u>\$ 18,545,979</u>
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ORANGE COUNTY, NORTH CAROLINA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 130,246,195	\$ 130,321,195	\$ 133,637,920	\$ 3,316,725
Sales tax	16,873,405	16,873,405	15,005,367	(1,868,038)
Intergovernmental revenues	17,212,754	19,032,849	18,221,132	(811,717)
Charges for services	9,561,067	9,625,117	9,571,342	(53,775)
Investment earnings	670,000	670,000	88,207	(581,793)
Licenses and permits	288,000	288,000	328,216	40,216
Miscellaneous	737,618	767,458	818,879	51,421
Total revenues	<u>175,589,039</u>	<u>177,578,024</u>	<u>177,671,063</u>	<u>93,039</u>
Expenditures:				
Governing and management	13,752,316	14,377,348	13,454,030	(923,318)
General services	7,823,652	8,108,456	7,106,493	(1,001,963)
Community and environment	6,520,510	6,669,878	6,169,692	(500,186)
Human services	33,414,481	36,369,069	33,812,781	(2,556,288)
Education	63,048,729	63,048,729	63,048,729	-
Public safety	16,956,475	18,419,777	16,655,660	(1,764,117)
Culture and recreation	1,923,256	1,978,329	1,790,199	(188,130)
Debt service:				
Principal	16,975,824	16,922,710	17,180,037	257,327
Interest and fees	8,877,998	8,931,112	8,634,942	(296,170)
Total expenditures	<u>169,293,241</u>	<u>174,825,408</u>	<u>167,852,563</u>	<u>(6,972,845)</u>
Revenues over (under) expenditures	<u>6,295,798</u>	<u>2,752,616</u>	<u>9,818,500</u>	<u>7,065,884</u>
Other Financing Sources (Uses):				
Transfer in	2,000,000	3,156,917	2,577,673	(579,244)
Transfer out	(8,295,798)	(11,115,066)	(11,115,066)	-
Appropriated fund balance	-	5,205,533	-	(5,205,533)
Total other financing sources (uses)	<u>(6,295,798)</u>	<u>(2,752,616)</u>	<u>(8,537,393)</u>	<u>(5,784,777)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,281,107	<u>\$ 1,281,107</u>
Fund Balance:				
Beginning of year - July 1			<u>30,160,935</u>	
End of year - June 30			<u>\$ 31,442,042</u>	

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

ORANGE COUNTY, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Major		Nonmajor	Total	Internal Service Fund
	Solid Waste Fund	SportsPlex Fund	Efland Sewer Fund	Enterprise Funds	Dental Insurance Fund
Assets:					
Current assets:					
Cash and cash equivalents	\$ 10,933,795	\$ 759,374	\$ 147,388	\$ 11,840,557	\$ 386,287
Accounts receivable, state	58,570	-	-	58,570	-
Accounts receivable, other	240,324	78,504	-	318,828	-
Prepaid expenses	-	16,790	-	16,790	-
Total current assets	<u>11,232,689</u>	<u>854,668</u>	<u>147,388</u>	<u>12,234,745</u>	<u>386,287</u>
Non-current assets:					
Non-depreciable assets	1,617,824	407,602	57,117	2,082,543	-
Capital assets, net of depreciation	5,814,689	6,198,560	2,819,819	14,833,068	-
Total non-current assets	<u>7,432,513</u>	<u>6,606,162</u>	<u>2,876,936</u>	<u>16,915,611</u>	<u>-</u>
Total assets	<u>18,665,202</u>	<u>7,460,830</u>	<u>3,024,324</u>	<u>29,150,356</u>	<u>386,287</u>
Liabilities and Net Assets:					
Liabilities:					
Current liabilities:					
Accounts payable	420,664	56,461	33,417	510,542	22,597
Payroll withholdings	63,212	11,731	-	74,943	-
Accrued liabilities	69,725	-	-	69,725	-
Accrued interest	-	82,980	-	82,980	-
Due to other funds	-	-	202,983	202,983	-
Unearned revenues	-	162,507	-	162,507	-
Current portion of long-term debt	470,076	377,248	-	847,324	-
Compensated absences, current portion	120,411	-	-	120,411	-
Total current liabilities	<u>1,144,088</u>	<u>690,927</u>	<u>236,400</u>	<u>2,071,415</u>	<u>22,597</u>
Non-current liabilities:					
Compensated absences	80,274	-	-	80,274	-
Post-closing liability	10,702,218	-	-	10,702,218	-
OPEB liability	785,988	-	-	785,988	-
Long-term debt	2,514,650	5,790,647	-	8,305,297	-
Total non-current liabilities	<u>14,083,130</u>	<u>5,790,647</u>	<u>-</u>	<u>19,873,777</u>	<u>-</u>
Total liabilities	<u>15,227,218</u>	<u>6,481,574</u>	<u>236,400</u>	<u>21,945,192</u>	<u>22,597</u>
Net Assets:					
Invested in capital assets, net of related debt	4,447,787	438,267	2,876,936	7,762,990	-
Unrestricted	(1,009,803)	540,989	(89,012)	(557,826)	363,690
Total net assets	<u>\$ 3,437,984</u>	<u>\$ 979,256</u>	<u>\$ 2,787,924</u>	<u>\$ 7,205,164</u>	<u>\$ 363,690</u>

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Major		Nonmajor	Total	Internal Service Fund
	Solid Waste Fund	SportsPlex Fund	Efland Sewer Fund	Enterprise Funds	Dental Insurance Fund
Operating Revenues:					
Landfill fees	\$ 7,816,939	\$ -	\$ -	\$ 7,816,939	\$ -
Service fees	-	2,469,834	89,001	2,558,835	-
Other	348,237	-	-	348,237	-
Employee contributions	-	-	-	-	388,236
Total operating revenues	<u>8,165,176</u>	<u>2,469,834</u>	<u>89,001</u>	<u>10,724,011</u>	<u>388,236</u>
Operating Expenses:					
Landfill	5,087,070	-	-	5,087,070	-
General and administrative	1,397,051	2,387,299	212,474	3,996,824	22,290
Depreciation	835,012	267,004	92,697	1,194,713	-
Post closing cost	3,800,474	-	-	3,800,474	-
Claims expense	-	-	-	-	399,804
Total operating expenses	<u>11,119,607</u>	<u>2,654,303</u>	<u>305,171</u>	<u>14,079,081</u>	<u>422,094</u>
Operating income (loss)	<u>(2,954,431)</u>	<u>(184,469)</u>	<u>(216,170)</u>	<u>(3,355,070)</u>	<u>(33,858)</u>
Non-Operating Revenues (Expenses):					
Investment earnings	17,740	-	263	18,003	735
Interest and fees	(96,554)	(283,672)	-	(380,226)	-
Grant, State	434,968	-	-	434,968	-
Total non-operating revenues (expenses)	<u>356,154</u>	<u>(283,672)</u>	<u>263</u>	<u>72,745</u>	<u>735</u>
Income (loss) before contributions and transfers	<u>(2,598,277)</u>	<u>(468,141)</u>	<u>(215,907)</u>	<u>(3,282,325)</u>	<u>(33,123)</u>
Capital contribution	100,690	-	-	100,690	-
Transfers in	150,000	775,000	119,900	1,044,900	-
Transfers out	(50,000)	-	-	(50,000)	-
Total contributions and transfers	<u>200,690</u>	<u>775,000</u>	<u>119,900</u>	<u>1,095,590</u>	<u>-</u>
Change in net assets	(2,397,587)	306,859	(96,007)	(2,186,735)	(33,123)
Net Assets:					
Beginning of year - July 1	<u>5,835,571</u>	<u>672,397</u>	<u>2,883,931</u>	<u>9,391,899</u>	<u>396,813</u>
End of year - June 30	<u>\$ 3,437,984</u>	<u>\$ 979,256</u>	<u>\$ 2,787,924</u>	<u>\$ 7,205,164</u>	<u>\$ 363,690</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, 2010

	Major		Nonmajor	Total	Internal Service Fund
	Solid Waste Fund	SportsPlex Fund	Efland Sewer Fund	Enterprise Funds	Dental Insurance Fund
Cash Flows from Operating Activities:					
Cash received from customers	\$ 8,219,416	\$ 2,432,329	\$ -	\$ 10,651,745	\$ -
Cash received from assessments	-	-	89,001	89,001	-
Cash received from employee contributions	-	-	-	-	388,236
Cash paid to employees	182,446	(22,598)	-	159,848	-
Cash paid for goods and services	(6,557,099)	(2,392,019)	(214,084)	(9,163,202)	(22,290)
Cash paid for claims	-	-	-	-	(398,759)
Net cash provided (used) by operating activities	<u>1,844,763</u>	<u>17,712</u>	<u>(125,083)</u>	<u>1,737,392</u>	<u>(32,813)</u>
Cash Flows from Non-Capital Financing Activities:					
Transfers in	150,000	775,000	119,900	1,044,900	-
Transfer out	(50,000)	-	-	(50,000)	-
Unrestricted grants	434,968	-	-	434,968	-
Net cash provided (used) by non-capital financing activities	<u>534,968</u>	<u>775,000</u>	<u>119,900</u>	<u>1,429,868</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Payments related to the acquisition of capital assets	(11,611)	-	-	(11,611)	-
Proceeds from sale of asset	11,610	-	-	11,610	-
Interest paid on long-term debt	(96,554)	(287,790)	-	(384,344)	-
Payments related to the payment of debt	(548,168)	(376,457)	-	(924,625)	-
Net cash provided (used) by capital and related financing activities	<u>(644,723)</u>	<u>(664,247)</u>	<u>-</u>	<u>(1,308,970)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	17,740	-	263	18,003	735
Net increase (decrease) in cash and cash equivalents	1,752,748	128,465	(4,920)	1,876,293	(32,078)
Cash and Cash Equivalents:					
Beginning of year - July 1	9,181,047	630,909	152,308	9,964,264	418,365
End of year - June 30	<u>\$ 10,933,795</u>	<u>\$ 759,374</u>	<u>\$ 147,388</u>	<u>\$ 11,840,557</u>	<u>\$ 386,287</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, 2010

	<u>Major</u>		<u>Nonmajor</u>	<u>Total</u>	<u>Internal Service Fund</u>
	<u>Solid Waste Fund</u>	<u>SportsPlex Fund</u>	<u>Efland Sewer Fund</u>	<u>Enterprise Funds</u>	<u>Dental Insurance Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (2,954,431)	\$ (184,469)	\$ (216,170)	\$ (3,355,070)	\$ (33,858)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	835,012	267,004	92,697	1,194,713	-
Post-closure cost	3,800,474	-	-	3,800,474	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	54,240	(19,254)	-	34,986	-
(Increase) decrease in prepaid expenses	-	(2,495)	-	(2,495)	-
Increase (decrease) in accounts payable and accrued liabilities	(38,329)	(2,225)	(1,610)	(42,164)	1,045
Increase (decrease) in compensated absences payable	-	(22,598)	-	(22,598)	-
Increase (decrease) in unearned revenues	-	(18,251)	-	(18,251)	-
Increase (decrease) in other post-employment benefits	147,797	-	-	147,797	-
Net cash provided (used) by operating activities	<u>\$ 1,844,763</u>	<u>\$ 17,712</u>	<u>\$ (125,083)</u>	<u>\$ 1,737,392</u>	<u>\$ (32,813)</u>
Non-Cash Capital and Related Financing Activities:					
Contributed capital assets	<u>\$ 100,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,690</u>	<u>\$ -</u>

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

ORANGE COUNTY, NORTH CAROLINA

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010**

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 463,092
Accounts receivable, property taxes, net	253,502
Accounts receivable, other	<u>4,561</u>
Total assets	<u>\$ 721,155</u>
Liabilities:	
Accounts payable	\$ 661,165
Due to cooperative extension	<u>59,990</u>
Total liabilities	<u>\$ 721,155</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, 2010

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 (the "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 five-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, 2010

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

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

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

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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.

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, Property Revaluation, Community Development, School Capital Reserve, Section 8 Housing, Grant Supported, Grant Projects, Emergency Telephone System, Visitors' Bureau, Local Fire Districts, Heusner, Library Development, Adoption Enhancement, Recreation Subdivision, Spay Neuter, and County Capital Reserve

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

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

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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, and the DSS Trust Fund that accounts for funds held by the County for subsistence needs of specific social service clients.

Measurement Focus and Basis of Accounting

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

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

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

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

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements.

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

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

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

C. Budgetary Data

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

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

The following summarizes the supplementary appropriations made during 2010:

	<u>Original Budget</u>	<u>Total Amendments</u>	<u>Revised Budget</u>
General Fund	\$ 177,589,039	\$ 8,351,435	\$ 185,940,474
Capital Project Funds:			
County Capital Improvements	139,969,576	(10,103,302)	129,866,274
School Capital Improvements	505,387,946	(417,664,823)	87,723,123
Special Revenue Funds:			
Impact Fee	-	1,800,000	1,800,000
Property Revaluation	166,289	8,813	175,102
Community Development	10,474,325	6,071,024	16,545,349
Housing Fund	4,355,020	350,000	4,705,020
Grant Supported Projects	550,526	87,290	637,816
Grant Projects Fund	13,550,905	(853,838)	12,697,067
Emergency Telephone System	501,227	1,200,000	1,701,227
Visitor's Bureau	941,691	21,040	962,731
Fire Districts	3,145,248	20,333	3,165,581
Spay and Neuter	-	81,798	81,798
Adoption Enhancement	90,756	376,363	467,119
Recreation Subdivision	-	175,023	175,023
Enterprise Funds:			
Solid Waste/Landfill	9,116,097	315,183	9,431,280
Efland Sewer Operating	212,900	346	213,246
SportsPlex	3,080,735	84,000	3,164,735

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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

Open encumbrances are reported as reservations of fund balance at June 30, 2010.

D. Assets, Liabilities, and Fund Equity

Deposits and Investments

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

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

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

Cash and Cash Equivalents

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

Restricted Assets

Unexpended bond and installment purchase proceeds are considered restricted assets because their use is completely restricted to the purpose for which the bonds and installment purchase proceeds were originally issued. Total unspent bond and installment purchase proceeds are \$15,371,869 at June 30, 2010.

Ad Valorem Taxes Receivable

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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

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

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

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

Allowances for Doubtful Accounts

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

Concentrations of Credit Risk

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

Inventories and Prepaid Items

Inventories of the County are valued at cost (first-in, first-out). The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The County's General Fund inventories reported on the balance sheet are offset by a fund balance reserve, which indicates that it does not constitute a resource available for appropriation even though it is a component of net current assets.

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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 materiality extend assets' lives are not capitalized.

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

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

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

Long-Term Obligations

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

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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, 2010 amounted to \$3,260,837 for governmental activities and \$200,685 for business-type activities.

Permanent employees of the County earn sick leave at a rate of 12 days per year. There is no limit on the accumulation of sick leave for the County. Accumulated sick leave for the County at June 30, 2010 amounted to \$10,834,947 in total, \$10,307,233 of which relates to the governmental funds and \$527,715 which relates to the enterprise funds. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

Net Assets/Fund Balances

Net Assets

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

As with many counties in the State of North Carolina, the County's deficit in unrestricted net assets is due primarily to the portion of the County's outstanding general obligation and installment debt totaling approximately \$138.2 million incurred for the Orange County and the Chapel Hill-Carrboro City Boards of Education (the "school system"). Under North Carolina law, the County is responsible for providing school system capital funding and has done so using a mixture of County funds and general obligation debt. The deficit results because the debt is recorded on the County's financial statements as the issuing government, while the related assets are owned, operated, and recorded in the school system's financial statements.

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance 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:

Reserved

Reserved for Inventories - portion of fund balance not available for appropriation because it represents the year-end balance of inventories, which do not represent expendable, available resources.

Reserved for Encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts which remain unperformed at year-end.

Reserved by State Statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which are not offset by deferred revenues.

Unreserved

Designated for Subsequent Year's Expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2010-2011 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

Comparative Total Data

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. However, comparative totals and fund type data for the prior year have not been included on all statements, since their inclusion would not provide enhanced understanding of the County's financial position and operations or would make the statements unduly complex and difficult to read. Certain reclassifications have been made in the prior year's financial data in order to conform to the presentation of the financial statements for the year ended June 30, 2010. These reclassifications did not have an effect on the prior year's change in net assets or total net assets.

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, 2010

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, 2010, the County's deposits had a carrying amount of \$35,323,246 and a bank balance of \$35,646,561. Of the bank balance, \$1,235,579 was covered by federal depository insurance, and \$34,410,982 was covered by collateral held under the Pooling Method. Cash on hand was \$2,440.

Investments

At June 30, 2010, 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	\$ 31,929,624	N/A	N/A	N/A

At June 30, 2010, the County's investments consisted of \$31,929,624 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard & Poor's. The County has no policy regarding credit risk.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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.

Year Ended				
June 30	Tax	Interest	Total	
2006	\$ 386,639,339	\$ 126,624,384	\$ 513,263,723	
2007	386,639,339	91,826,843	478,466,182	
2008	386,639,339	57,029,303	443,668,642	
2009	<u>527,668,995</u>	<u>30,340,967</u>	<u>558,009,962</u>	
Total	<u>\$ 1,687,587,012</u>	<u>\$ 305,821,497</u>	<u>\$ 1,993,408,509</u>	

Receivables

The amounts presented in the Balance Sheet and the Statement of Net Assets for the year ended June 30, 2010 is net of the following allowance for doubtful accounts:

General Fund:	
Taxes Receivable	\$ 1,647,567
Enterprise funds	<u>20,004</u>
Total	<u>\$ 1,667,571</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

3. Capital Assets

Governmental Capital Assets

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

	Balance July 1, 2009	Increases	Decreases	Transfers	Balance June 30, 2010
Governmental Activities:					
Capital Assets Not Being Depreciated:					
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	7,813,633	23,892,015	-	(23,003,090)	8,702,558
Capital assets not being depreciated	<u>21,303,273</u>	<u>28,841,651</u>	<u>-</u>	<u>(23,003,090)</u>	<u>27,141,834</u>
Capital Assets Being Depreciated:					
Buildings	71,237,645	210,730	210,730	19,591,437	90,829,082
Leasehold improvements	-	-	-	3,411,653	3,411,653
Automotive equipment	7,186,751	340,609	515,612	-	7,011,748
Other equipment	4,570,093	823,005	148,030	-	5,245,068
Capital assets being depreciated	<u>82,994,489</u>	<u>1,374,344</u>	<u>874,372</u>	<u>23,003,090</u>	<u>106,497,551</u>
Less Accumulated Depreciation:					
Buildings	17,680,575	2,239,853	165,757	-	19,754,671
Leasehold improvements	-	85,292	-	-	85,292
Automotive equipment	5,686,158	582,405	515,612	-	5,752,951
Other equipment	3,132,104	518,865	156,588	-	3,494,381
Total	<u>26,498,837</u>	<u>\$ 3,426,415</u>	<u>\$ 837,957</u>	<u>\$ -</u>	<u>29,087,295</u>
Capital assets being depreciated, net	<u>56,495,652</u>				<u>77,410,256</u>
Governmental activity capital assets, net	<u>\$ 77,798,925</u>				<u>\$ 104,552,090</u>

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

Governmental Activities:	
General and management	\$ 2,439,217
General services	214,330
Community and environment	14,137
Human services	138,316
Public safety	534,013
Cultural and recreation	86,402
Total	<u>\$ 3,426,415</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2010 are as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Business-Type Activities:				
Solid Waste:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,442,890	\$ -	\$ -	\$ 1,442,890
Construction in progress	174,934	-	-	174,934
Capital assets not being depreciated	1,617,824	-	-	1,617,824
Capital Assets Being Depreciated:				
Land improvements	3,956,457	-	-	3,956,457
Buildings	3,581,042	100,690	-	3,681,732
Equipment	9,458,197	11,611	1,331,654	8,138,154
Capital assets being depreciated	16,995,696	112,301	1,331,654	15,776,343
Less Accumulated Depreciation:				
Land improvements	3,252,607	19,002	-	3,271,609
Buildings	345,626	125,655	-	471,281
Equipment	6,848,453	690,355	1,320,044	6,218,764
Total accumulated depreciation	10,446,686	\$ 835,012	\$ 1,320,044	9,961,654
Capital assets being depreciated, net	6,549,010			5,814,689
Solid waste capital assets, net	8,166,834			7,432,513

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Efland Sewer:				
Capital Assets Not Being Depreciated:				
Land and right-of-way	\$ 57,117	\$ -	\$ -	\$ 57,117
Capital assets not being depreciated	57,117	-	-	57,117
 Capital Assets Being Depreciated:				
Sewer lines	3,707,847	-	-	3,707,847
 Less Accumulated Depreciation:				
Sewer lines	795,331	\$ 92,697	\$ -	888,028
Capital assets being depreciated, net	2,912,516			2,819,819
Water/Sewer capital assets, net	2,969,633			2,876,936
	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
SportsPlex:				
Capital Assets Not Being Depreciated:				
Land	\$ 407,602	\$ -	\$ -	\$ 407,602
 Capital Assets Being Depreciated:				
Buildings	7,084,359	-	-	7,084,359
Equipment	125,391	-	-	125,391
Capital assets being depreciated	7,209,750	-	-	7,209,750
 Less Accumulated Depreciation:				
Buildings	693,481	241,926	-	935,407
Equipment	50,705	25,078	-	75,783
Total accumulated depreciation	744,186	\$ 267,004	\$ -	1,011,190
Capital assets being depreciated, net	6,465,564			6,198,560
Total Sportsplex	6,873,166			6,606,162
Business-type activities capital assets, net	\$ 18,009,633			\$ 16,915,611

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

4. Construction Commitments

The government has active construction projects as of June 30, 2010. At June 30, 2010, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Justice Facility	\$ 11,989,959	\$ 168,847
Senior Center	6,136,475	324,058
Animal Services Facility	9,098,921	11,366
County Campus	25,755,734	118,266
Hillsborough Commons	3,735,147	54,853
Twin Creeks Park	479,841	1,070,159
Fairview Park	827,005	788,018
Total	<u>\$ 58,023,082</u>	<u>\$ 2,535,567</u>

5. Pension Plan Obligations

Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.89% and 4.78%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$1,943,795, \$2,120,553, and \$1,843,452, 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, 2010

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, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	14
Active plan members	<u>89</u>
Total	<u>103</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

Contributions

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Actuarial Assumptions

The amortization method for the Separation Allowance is level percent of pay closed. The remaining amortization period is 22 years. The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary, increase ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases.

Annual Pension Cost and Net Pension Obligation

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

Employer annual required contribution	\$	163,990
Interest on net pension obligation		33,696
Adjustment to annual required contribution		<u>(29,278)</u>
Annual pension cost		168,408
Employer contributions made		<u>184,576</u>
Increase (decrease) in net pension obligation		(16,168)
Net pension obligation:		
Beginning of year - July 1		<u>464,777</u>
End of year - June 30	\$	<u><u>448,609</u></u>

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 154,367	113.30%	\$ 494,264
2009	154,545	119.08%	464,777
2010	168,408	109.60%	448,609

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Funded Status and Funding Progress

As of December 31, 2009, 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 \$1,994,887. The covered payroll (annual payroll of active employees covered by the plan) was \$4,021,936, and the ratio of the UAAL to the covered payroll was 49.60%.

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

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2010 were \$424,554, which consisted of \$222,197 from the County and \$202,357 from the law enforcement officers.

Register of Deeds’ Supplemental Pension Fund

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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, 2010, the County's required and actual contributions were \$10,172.

Other Post-Employment Benefits – Healthcare Benefits

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

Membership of the Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	244
Active plan members:	
General employees	755
Law enforcement officers	87
Total	<u>1,086</u>

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The current annual required contribution ("ARC") rate is 13.36% of annual covered payroll. For the current year, the County contributed \$1,125,938, or 2.96% of annual covered payroll. The County provides coverage through a self-funded risk financing pool administered by the North Carolina Association of County Commissioners.

Summary of Significant Accounting Policies

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

Annual OPEB Cost and Net OPEB Obligation

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

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

	<u>Amount</u>
Annual required contribution	\$ 5,301,171
Interest on net OPEB obligation	485,316
Adjustments to annual required contribution	<u>(418,702)</u>
Annual OPEB cost (expense)	5,367,785
Contributions made	<u>(1,125,938)</u>
Increase (decrease) in net OPEB obligation	4,241,847
Net OPEB obligation:	
Beginning of year - July 1	<u>12,132,908</u>
End of year - June 30	<u>\$ 16,374,755</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

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

Funding Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability ("UAAL") was \$58,020,674. The covered payroll (annual payroll of active employees covered by the plan) was \$37,996,740, and the ratio of the UAAL to the covered payroll was 152.7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial 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, 2009 actuarial valuation, the projected unit credit actuarial cost method was used for the County's Plan. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual pre-Medicare trend rate of 10.50 to 5.00 percent annually, and a post-Medicare trend rate of 9.00 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009 was 30 years.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

As of June 30, 2010, management has decided that OPEB will continue to be funded on a pay-as-you-go basis. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the County Commissioners.

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the twenty-four months prior to the employee's death, but the benefit must be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the County made contributions to the State for death benefits of \$31,337. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.08% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

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

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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, 2010

6. Long-Term Obligations

The following is a summary of transactions affecting the County's long-term obligations for the year ended June 30, 2010:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General obligation bonds	\$ 121,415,000	\$ 22,455,000	\$ 31,350,000	\$ 112,520,000	\$ 9,030,000
Obligations under capital leases	2,382,346	-	332,826	2,049,520	468,549
Installment notes payable	113,038,877	4,136,434	8,012,211	109,163,100	9,329,675
Less deferred amounts on refunding of bonds	(4,524,981)	-	-	(4,524,981)	-
Bond premium refunding	4,252,513	1,762,954	-	6,015,467	-
Accumulated amortization of refunding items	(276,921)	(52,948)	-	(329,869)	-
Accrued compensated absences	3,384,047	4,818,995	4,942,205	3,260,837	1,956,502
Separation Allowance	464,777	168,408	184,576	448,609	-
OPEB liability	11,494,717	5,163,691	1,069,641	15,588,767	-
Total governmental activities	<u>\$ 251,630,375</u>	<u>\$ 38,452,534</u>	<u>\$ 45,891,459</u>	<u>\$ 244,191,450</u>	<u>\$ 20,784,726</u>
Business-Type Activities:					
Obligations under capital leases	\$ 1,442,894	\$ -	\$ 438,169	\$ 1,004,725	\$ 360,875
Installment notes payable	8,634,353	-	486,457	8,147,896	486,449
Post-closing liability	6,901,744	3,800,474	-	10,702,218	-
Accrued compensated absences	185,311	289,931	274,557	200,685	120,411
OPEB liability	638,191	204,094	56,297	785,988	-
Total business-type activities	<u>\$ 17,802,493</u>	<u>\$ 4,294,499</u>	<u>\$ 1,255,480</u>	<u>\$ 20,841,512</u>	<u>\$ 967,735</u>

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

General long-term debt payable at June 30, 2010 is comprised of the following:

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

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

\$12,500,000 2001 School Building serial bonds, due in annual installments of \$658,000 to \$662,400 through February 1, 2021; interest at 4.5% to 4.7%	\$ 656,989
\$3,170,000 2001 Public Building serial bonds, due in annual installments of \$164,700 to \$165,600 through February 1, 2021; interest at 4.5% to 4.7%	168,155
\$1,800,000 2001 Affordable Housing serial bond, due in annual installments of \$91,500 to \$92,000 through February 1, 2021; interest at 4.5% to 4.7%	94,856
\$19,175,000 2003 Public Improvement Bonds, due in annual installments of \$650,000 to \$2,200,000 through March 1, 2022; interest at 4.00% to 4.12%	1,950,000
\$4,200,000 2004A Public Improvement Bonds, due in annual installments of \$150,000 through February 1, 2023; interest at 3.25% to 4.625%	3,450,000
\$20,940,000 2004B Public Improvement Bonds, due in annual installments of \$750,000 through February 1, 2023; interest at 3.25% to 5.2590%	17,190,000
\$29,185,000 2005A Public Improvement Bond, due in annual installments of \$1,000,000 through April 1, 2024; interest at 3% to 5%	25,185,000
\$20,595,000 2001 Refunding serial bonds, due in annual installments of \$755,000 to \$1,435,000 through February 1, 2014; interest at 4% to 5.25%	10,325,000
\$22,815,000 2003 Refunding serial bonds, due in annual installments of \$880,000 to \$2,850,000 through June 1, 2013; interest at 3% to 5%	2,880,000
\$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%	28,165,000
\$22,455,000 2010 Refunding serial bond, due in annual installments of \$150,000 to \$3,070,000 through February 1, 2022; interest at 2.00% to 4.00%	<u>22,455,000</u>
Total	<u>\$ 112,520,000</u>

Of the amount serviced by the County's General Fund shown above, \$90,016,000 is considered to be school bond debt.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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.

Capital Leases Serviced by Governmental Funds:

Capitalized equipment lease obligation, due in semi-annual installments of \$241,951, which includes interest at 3.71% through November 19, 2010. Gross amount of equipment acquired under capital lease is \$1,215,255. \$ 56,026

Capitalized equipment lease obligation due in annual principal payments of \$69,123; interest at 3.27% through August 4, 2013. Gross amount of equipment acquired under capital lease is \$345,617. 276,494

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

Capitalized equipment lease obligation, due in annual principal payments of \$43,400, with semi-annual interest payments at 3.05% through July 24, 2014. Gross amount of equipment acquired under capital lease is \$217,000 217,000

Total \$ 2,049,520

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

Capitalized equipment lease obligation, due in semi-annual installments of \$241,951, which includes interest at 3.71% through November 19, 2010. Gross amount of equipment acquired under capital lease is \$335,900. \$ 15,802

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. 312,107

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. 676,816

Total \$ 1,004,725

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Installment Notes Payable:

Serviced by Governmental Funds:

Installment note payable, due in semi-annual payments of \$236,116, which includes interest at 3.90% based on construction draw through August 1, 2010	\$ 678,289
Installment note payable, due in semi-annual payments of \$239,655, which includes interest at 3.89% through October 1, 2017	1,797,414
Installment note payable, due in semi-annual payments of \$429,615, which includes interest at 3.70% through February 1, 2012	1,642,032
Installment note payable, due in semi-annual payments which includes interest at 4.58% through November 1, 2010	1,365,000
Installment note payable, due in quarterly payments of \$12,251 to \$17,181, which includes interest at 4.17% through October 7, 2012	121,250
Certificate of Participation, due in annual payments of \$745,455 to \$803,636; interest at 4% to 5% through April 1, 2026	12,843,644
Installment note payable, due in quarterly payments of \$42,125; interest at 5% through April 27, 2016	1,011,000
Installment note payable, due in annual payments of \$600,000; interest at 4.39% through December 21, 2021	7,200,000
Installment note payable, due in annual payments of \$2,317,764; interest at 4.14% through June 26, 2027	41,719,761
Installment note payable, due in semi-annual payments of \$275,862; interest at 3.68% through September 12, 2023	7,448,276
Installment note payable due, in annual principal payments of \$1,283,000 to \$2,035,000; semi-annual interest payments at 3.60% through July 24, 2024	28,200,000
Installment note payable, due in annual principal payments of \$420,000 on July 24, 2010 and \$580,000 on July 24, 2011; semi-annual interest payments at 5.26% through July 24, 2011	1,000,000
\$4,136,434 of Qualified School Construction Bonds, due in annual installments of \$275,762 through March 15, 2025	<u>4,136,434</u>
Total	<u>109,163,100</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Serviced by the County's Enterprise Funds:

Certificate of Participation, due in annual payments of \$279,545 to \$301,364; interest at 4% to 5% through April 1, 2026	4,816,355
Installment note payable, due in annual payments of \$110,000; interest at 4.14% through June 26, 2027	1,980,000
Installment note payable, due in annual payments of \$75,086; interest at 4.14% through June 26, 2027	<u>1,351,540</u>
Total	<u>8,147,895</u>
Total - all debt	<u>\$ 232,885,242</u>

Of the amount serviced by governmental funds shown above, \$48,247,634 is considered to be school installment debt.

The annual requirements as of June 30, 2010 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	General Obligation Bonds		Installment Purchase Options		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:								
2011	\$ 9,030,000	\$ 13,684,314	\$ 9,329,675	\$ 4,973,006	\$ 468,549	\$ 57,215	\$ 18,828,224	\$ 18,714,535
2012	8,870,000	13,247,314	8,425,730	3,821,113	412,523	43,439	17,708,253	17,111,866
2013	8,790,000	12,810,414	6,797,293	3,510,619	412,523	30,705	15,999,816	16,351,738
2014	8,900,000	12,565,781	6,773,043	3,246,837	412,523	17,783	16,085,566	15,830,401
2015	8,735,000	12,034,319	6,773,043	2,983,683	343,402	5,237	15,851,445	15,023,239
2016-2020	42,980,000	53,877,919	33,031,075	10,999,527	-	-	76,011,075	64,877,446
2021-2025	25,215,000	27,481,237	30,279,940	4,587,336	-	-	55,494,940	32,068,573
2026-2027	-	-	7,753,301	466,467	-	-	7,753,301	466,467
Total	<u>\$ 112,520,000</u>	<u>\$ 145,701,298</u>	<u>\$ 109,163,100</u>	<u>\$ 34,588,588</u>	<u>\$ 2,049,520</u>	<u>\$ 154,379</u>	<u>\$ 223,732,620</u>	<u>\$ 180,444,265</u>
Business-Type Activities:								
2011	\$ -	\$ -	\$ 486,449	\$ 352,331	\$ 360,875	\$ 31,305	\$ 847,324	\$ 383,636
2012	-	-	486,449	332,614	305,442	18,922	791,891	351,536
2013	-	-	486,449	312,897	169,204	11,066	655,653	323,963
2014	-	-	486,449	293,180	169,204	5,072	655,653	298,252
2015	-	-	486,449	273,462	-	-	486,449	273,462
2016-2020	-	-	2,432,245	1,053,474	-	-	2,432,245	1,053,474
2021-2025	-	-	2,428,156	489,925	-	-	2,428,156	489,925
2026-2027	-	-	855,249	47,875	-	-	855,249	47,875
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,147,895</u>	<u>\$ 3,155,758</u>	<u>\$ 1,004,725</u>	<u>\$ 66,365</u>	<u>\$ 9,152,620</u>	<u>\$ 3,222,123</u>

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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, 2010, such statutory limit for the County was approximately \$1.2 billion, providing a legal debt margin of approximately \$1 billion.

Bonds authorized but unissued at June 30, 2010 were \$11,455,000.

Conduit Debt Obligations. Orange County Industrial Facility and Pollution Control Financing Authority has 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, 2010, there is no balance outstanding.

Advanced Refunding. On February 24, 2010, the County issued \$22,455,000 of general obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$22,515,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Assets. The reacquisition price was lower than the net carrying amount of the old debt by \$60,000. The amount was netted against the net debt and amortized over the life of the refunded debt, which is shorter than the life of the new issued. The advance refunding was undertaken to reduce total debt service payments over the next twelve years by \$1,120,542 and resulted in a net economic gain of \$942,616.

Subsequent Event. The Board of County Commissioners have authorized proceeding with are funding of various debt obligations in an amount not to exceed \$103.6 million. Final terms and conditions of the financing have not been approved by the Board. The sale of these bonds has been scheduled for December 16, 2010; however interest rates have changed such that the refunding of the \$19.3 of the debt obligations may not be feasible at the current time. The Board has authorized proceeding with the issuance of \$9,899,440 in financing Qualified School Construction Bond ("QSCB") program for various capital projects of the Chapel Hill-Carrboro City Schools and Orange County Schools. The County has a proposed financing agreement with BB&T for the tax credit financing with a supplemental coupon for a term of 15 years. This financing has not been approved by the Local Government Commission, but under the terms of the QSCB program, will have to be closed by December 31, 2010.

Qualified School Construction Bonds

On March 15, 2010, the County issued \$4,136,434 in Qualified School Construction Bonds to finance the renovation of the Carrboro High School Arts Wing. Bonds qualifying as "Qualified Construction Bonds" under Section 1397E of the Internal Revenue Code are interest-free obligations of the issuer. The creditor receives federal tax credits in lieu of receiving interest payments from the issuer.

ORANGE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

7. Deferred/Unearned Revenues

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

	Deferred Revenues	Unearned Revenues
Ad Valorem Taxes:		
Prepaid taxes not yet earned (General Fund)	\$ 919,923	\$ 919,923
Taxes receivable, net (General Fund)	2,305,989	-
Other receivables (General Fund)	73,694	73,694
Other receivables (Other Governmental Funds)	82,712	-
Other receivables (Water and Sewer Fund)	-	162,507
Total	\$ 3,382,318	\$ 1,156,124

8. Capital Assets, Net of Related Debt

Capital assets, net of related debt at June 30, 2010, are computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 104,552,090	\$ 16,915,611
Less capital debt:		
Gross debt	224,893,237	9,152,621
Less:		
School debt related to assets to which the County does not hold title	(138,263,634)	-
Unexpended debt proceeds	(13,736,550)	-
Net capital debt	72,893,053	9,152,621
Capital assets, net of related debt	\$ 31,659,037	\$ 7,762,990

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

9. Interfund Balances and Activity

The following is a schedule of interfund receivable and payable balances as of June 30, 2010:

	Amount
For Primary Government:	
Dut to General Fund, net from other funds:	\$ 136,000
County Capital Improvements Fund	66,983
County capital project for other fund	\$ 202,983
Due from Enterprise Fund:	
Efland Sewer Fund	\$ 202,983

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, 2010:

<u>Transfers to</u>	<u>Transfers From</u>									<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>						<u>Capital Projects Funds</u>		
		<u>Grant Project Fund</u>	<u>Impact Fees Fund</u>	<u>Spay Neuter Fund</u>	<u>Recreation Subdivision Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Community Development Fund</u>	<u>County Capital Improvements Fund</u>	<u>Solid Waste Fund</u>	
General Fund	\$ -	\$ 24,917	\$ 1,217,756	\$ -	\$ -	\$ -	\$ -	\$ 1,335,000	\$ -	\$ 2,577,673
Special Revenue Funds:										
Property Revaluation	101,000	-	-	-	-	-	-	-	-	101,000
Grant Supported	73,785	-	-	-	-	-	-	-	-	73,785
Spay/Neuter	48,798	-	-	-	-	-	-	-	-	48,798
Community Development	279,156	-	-	-	-	-	-	-	-	279,156
Capital Reserve	-	-	-	-	-	-	200,000	-	-	200,000
Section 8 Housing	-	-	-	-	-	163,225	-	-	-	163,225
Capital Project Funds:										
County Capital Improvements Fund	5,405,600	-	-	20,000	175,023	1,200,000	-	-	50,000	6,850,623
School Capital Improvements Fund	4,311,827	-	-	-	-	-	-	-	-	4,311,827
Enterprise Funds:										
Efland Sewer	119,900	-	-	-	-	-	-	-	-	119,900
Solid Waste	-	-	-	-	-	-	-	150,000	-	150,000
SportsPlex	775,000	-	-	-	-	-	-	-	-	775,000
Total	\$ 11,115,066	\$ 24,917	\$ 1,217,756	\$ 20,000	\$ 175,023	\$ 1,200,000	\$ 163,225	\$ 1,685,000	\$ 50,000	\$ 15,650,987

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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

10. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medical Assistance Program-Title XIX-Medicaid	\$ 68,966,434	\$ 23,996,234
Medical Assistance Program-Title XIX-Medicaid-ARRA	80,048	(74,081)
Special Supplemental Nutrition Program for Women, Infants, and Children	1,110,572	-
Total	<u>\$ 70,157,054</u>	<u>\$ 23,922,153</u>

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

Federal and State laws and regulations have required the County to place a final cover on its landfill facility when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill prior to April 4, 1994. 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 \$21,980 per year. A liability of \$10,702,218 is recorded on the books in the Solid Waste Fund to provide for future post-closure costs. Actual post-closure costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

In complying with these regulations during fiscal year 2010, the County has submitted certified statements of Bond Indicators and Ratio Indicators of Financial Strength to the State of North Carolina Department of Environment, Health and Natural Resources.

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Leases. The County leases ambulances, car, and landfill equipment under lease agreements that are classified as capital leases. Accordingly, the original present value (\$4,547,724) of obligations under these lease agreements along with the present value of the remaining lease payments are included within the Statement of Activities for governmental activities. The General Fund and Solid Waste fund make all capital lease payments.

At June 30, 2010, future minimum rental payments due under the capital leases are as follows:

Total minimum lease payments	\$ 3,274,989
Less amount representing interest	<u>(220,744)</u>
Present value of minimum lease payments	<u>\$ 3,054,245</u>

The total rental paid for all operating leases was \$773,842 for the year ended June 30, 2010. All operating leases are for terms of one year or less and consist principally of office space rentals for various County functions.

School Facilities. The Board did not officially adopt the long-range capital improvement plan for School Facilities. However, the Board officially committed additional funding for school projects totaling \$1,596,548 from pay-as-you-go funding in fiscal year 2010-11. The County is pursuing \$9.9 million in fiscal year 2009-10 from the issuance of QSCB for Carrboro High School Arts Wing. Up to an additional \$3.4 million in fiscal year 2010-11 from the issuance of QSCB financing for various projects for both Chapel Hill/Carrboro City Schools and Orange County Schools.

County Facilities. The Board did not officially adopt the long-range capital improvement plan for County Facilities. However, the Board officially committed additional funding for County projects totaling \$1,700,000 from pay-as-you-go funding. An amount of approximately \$2,000,000 in additional financing is being considered for various County projects. The projects consist of sheriff radios, information and communication systems, tax administration, and payroll software.

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, 2010, 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, 2010

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 2010, a total of \$422,839 was incurred for benefits and administrative costs.

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

	Year Ended June 30	
	2010	2009
Unpaid claims - beginning of the year	\$ 21,552	\$ 25,037
Incurred claims	400,849	364,527
Claim payments	(399,804)	(368,012)
Unpaid claims - end of year	\$ 22,597	\$ 21,552

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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

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

13. Jointly Governed Organization

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

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

14. Joint Ventures

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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

The County makes an annual appropriation to the Authority, but the majority of the funding comes from other sources, During the fiscal year ended June 30, 2010, 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, 2010, Complete financial statements for the Authority can be obtained from the Authority's offices at 100 Europe Drive, Suite 490, Chapel Hill, North Carolina 27517.

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Required Supplemental Financial Data

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ORANGE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

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)
12/31/2009	\$ -	\$ 1,994,877	\$ 1,994,877	0.00%	\$ 4,021,936	49.60%
12/31/2008	-	1,586,125	1,586,125	0.00%	4,042,490	39.24%
12/31/2007	-	1,503,242	1,503,242	0.00%	3,831,182	39.24%
12/31/2006	-	1,427,990	1,427,990	0.00%	3,721,937	38.37%
12/31/2005	-	1,459,328	1,459,328	0.00%	3,972,345	36.74%
12/31/2004	-	950,669	950,669	0.00%	4,033,569	23.57%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2010	\$ 163,990	112.55%
2009	149,948	122.73%
2008	148,678	117.64%
2007	148,779	106.44%
2006	127,796	106.44%
2005	148,323	95.38%

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	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	7.25%
Projected salary increases *	4.5 - 12.3%
Cost of living adjustments	N/A

* Includes inflation at 3.75%

ORANGE COUNTY, NORTH CAROLINA

HEALTH CARE BENEFITS PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

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	\$ 84,540,825	0.00%	\$ 32,914,392	256.9%
12/31/2007	-	54,382,277	54,382,277	54,382,277	0.00%	37,345,503	145.6%
12/31/2009	-	58,020,674	58,020,674	58,020,674	0.00%	37,996,740	152.7%

Schedule of Employer Contributions

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

Notes to the Required Schedules:

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

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.00% * Includes inflation at 3.75%
Medical cost trend rate	12.00% - 6.00%
Pre-Medicare trend rate	10.50% - 5.00%
Post-Medicare trend rate	9.00% - 5.00%
Year of Ultimate trend rate	2017

General Fund

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ORANGE COUNTY, NORTH CAROLINA

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Property tax	\$ 129,869,195	\$ 132,991,641	\$ 3,122,446
Tax penalties and interest	410,000	593,359	183,359
Gross receipts tax	42,000	52,920	10,920
Total	<u>130,321,195</u>	<u>133,637,920</u>	<u>3,316,725</u>
Sales Tax:			
Local option sales tax	<u>16,873,405</u>	<u>15,005,367</u>	<u>(1,868,038)</u>
Total	<u>16,873,405</u>	<u>15,005,367</u>	<u>(1,868,038)</u>
Intergovernmental Revenues:			
Refunds, gasoline tax	17,830	15,935	(1,895)
Animal tax	137,400	134,541	(2,859)
Beer and wine tax	215,000	68,590	(146,410)
Federal and State grants	17,723,149	17,096,974	(626,175)
Local grants	379,470	369,071	(10,399)
ABC Board law enforcement distribution	120,000	97,105	(22,895)
ABC Board profit distribution	440,000	438,916	(1,084)
Total	<u>19,032,849</u>	<u>18,221,132</u>	<u>(811,717)</u>
Charges for Services:			
Register of Deeds	1,224,885	1,366,734	141,849
Collection fees	173,173	160,895	(12,278)
Inspection fees	464,241	483,660	19,419
Health service fees	1,534,258	1,291,112	(243,146)
Recreation fees	190,112	199,350	9,238
Planning fees	190,000	97,314	(92,686)
Aging fees	136,650	123,779	(12,871)
EMS fees	1,833,000	2,173,824	340,824
Sheriff and court charges	2,826,200	2,595,108	(231,092)
Other charges	1,052,598	1,079,566	26,968
Total	<u>9,625,117</u>	<u>9,571,342</u>	<u>(53,775)</u>
Investment Earnings	<u>670,000</u>	<u>88,207</u>	<u>(581,793)</u>
Licenses and Permits:			
Privilege licenses	13,000	12,045	(955)
Franchise fees	<u>275,000</u>	<u>316,171</u>	<u>41,171</u>
Total	<u>288,000</u>	<u>328,216</u>	<u>40,216</u>

ORANGE COUNTY, NORTH CAROLINA

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Miscellaneous Revenues:			
Donations	238,326	236,192	(2,134)
Rent	349,218	350,240	1,022
Other	179,914	232,447	52,533
Total	<u>767,458</u>	<u>818,879</u>	<u>51,421</u>
Total revenues	<u>177,578,024</u>	<u>177,671,063</u>	<u>93,039</u>
Expenditures:			
Governing and Management:			
County commissioners	573,142	551,813	(21,329)
County manager	769,918	824,403	54,485
Animal services	1,725,126	1,640,085	(85,041)
Human resources	805,624	665,548	(140,076)
Financial services	870,351	993,321	122,970
County attorney	462,920	394,981	(67,939)
Asset management and purchasing	8,557,369	7,012,834	(1,544,535)
Non-departmental	612,898	1,371,045	758,147
Total	<u>14,377,348</u>	<u>13,454,030</u>	<u>(923,318)</u>
General Services:			
Information systems	1,833,581	1,651,316	(182,265)
Register of Deeds	1,012,257	938,904	(73,353)
Tax administration	2,362,613	2,134,060	(228,553)
Elections	656,917	527,978	(128,939)
Sanitation	2,142,539	1,751,908	(390,631)
Non-departmental	100,549	102,327	1,778
Total	<u>8,108,456</u>	<u>7,106,493</u>	<u>(1,001,963)</u>
Community and Environment:			
Planning	2,902,612	2,675,017	(227,595)
DEAPR	3,029,455	2,799,838	(229,617)
Economic development	467,103	468,202	1,099
Non-departmental	270,708	226,635	(44,073)
Total	<u>6,669,878</u>	<u>6,169,692</u>	<u>(500,186)</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Human Services:			
Social services	21,285,987	19,097,036	(2,188,951)
Health	8,805,424	8,438,726	(366,698)
Cooperative extension	484,404	445,063	(39,341)
Aging	2,754,074	2,822,400	68,326
Human rights and relations	350,842	340,437	(10,405)
Child support enforcement	870,345	886,632	16,287
Mental health	-	1,379	1,379
Non-departmental	<u>1,817,993</u>	<u>1,781,108</u>	<u>(36,885)</u>
Total	<u>36,369,069</u>	<u>33,812,781</u>	<u>(2,556,288)</u>
Education:			
Current expense	59,045,729	59,045,729	-
Capital outlay	3,015,000	3,015,000	-
Non-departmental	<u>988,000</u>	<u>988,000</u>	<u>-</u>
Total	<u>63,048,729</u>	<u>63,048,729</u>	<u>-</u>
Public Safety:			
Sheriff	10,386,641	10,091,004	(295,637)
Emergency services	7,464,293	6,034,046	(1,430,247)
Courts	178,700	174,389	(4,311)
Non-departmental	<u>390,143</u>	<u>356,221</u>	<u>(33,922)</u>
Total	<u>18,419,777</u>	<u>16,655,660</u>	<u>(1,764,117)</u>
Culture and Recreation:			
Library services	1,622,615	1,453,622	(168,993)
Non-departmental	<u>355,714</u>	<u>336,577</u>	<u>(19,137)</u>
Total	<u>1,978,329</u>	<u>1,790,199</u>	<u>(188,130)</u>
Debt Service:			
Installment Purchase Principal	<u>123,604</u>	<u>283,577</u>	<u>159,973</u>
Principal on Bonds:			
School bond	7,210,463	7,200,445	(10,018)
County bond	1,634,526	1,634,555	29
Private Placement:			
Schools	5,387,378	5,359,710	(27,668)
County	<u>2,566,739</u>	<u>2,701,750</u>	<u>135,011</u>
Total	<u>16,922,710</u>	<u>17,180,037</u>	<u>257,327</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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Interest and Fees:			
School bond interest	4,116,484	4,131,355	14,871
County bond interest	1,197,797	1,182,929	(14,868)
School private placement interest	1,902,508	1,851,299	(51,209)
County private placement interest	<u>1,714,323</u>	<u>1,469,359</u>	<u>(244,964)</u>
Total	<u>8,931,112</u>	<u>8,634,942</u>	<u>(296,170)</u>
Total debt service	<u>25,853,822</u>	<u>25,814,979</u>	<u>(38,843)</u>
Total expenditures	<u>174,825,408</u>	<u>167,852,563</u>	<u>(6,972,845)</u>
Revenues over (under) expenditures	<u>2,752,616</u>	<u>9,818,500</u>	<u>7,065,884</u>
Other Financing Sources (Uses):			
Transfers in	3,156,917	2,577,673	(579,244)
Transfers out	(11,115,066)	(11,115,066)	-
Appropriated fund balance	<u>5,205,533</u>	<u>-</u>	<u>(5,205,533)</u>
Total other financing sources (uses)	<u>(2,752,616)</u>	<u>(8,537,393)</u>	<u>(5,784,777)</u>
Net change in fund balance	<u>\$ -</u>	1,281,107	<u>\$ 1,281,107</u>
Fund Balance:			
Beginning of year - July 1		<u>30,160,935</u>	
End of year - June 30		<u>\$ 31,442,042</u>	

Major Governmental Funds

Capital Projects Fund

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

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

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

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ORANGE COUNTY, NORTH CAROLINA

**COUNTY CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
Revenues:					
Federal grants	\$ 6,598,728	\$ 4,784,308	\$ 531,592	\$ 326,069	\$ 4,578,785
State grants	3,784,819	1,807,779	529,575	94,109	1,372,313
Investment earnings	2,624,400	2,658,285	56,403	24,673	2,626,555
Other	2,161,103	1,317,925	397,413	1,199,574	2,120,086
Total revenues	15,169,050	10,568,297	1,514,983	1,644,425	10,697,739
Expenditures:					
Animal shelter	-	29,000	29,000	-	-
Court Street annex	-	2,147	2,147	-	-
DTCC Community College satellite campus	-	4,608,021	4,608,021	-	-
Emergency management center	325,500	142,215	-	-	142,215
Historic courthouse	-	106,213	106,213	-	-
Homestead community center	185,468	163,843	-	24,791	188,634
Jail	1,375,000	108,118	-	3,660	111,778
Justice facility and new courthouse	11,821,112	11,672,926	-	317,033	11,989,959
New courthouse	357,961	218,797	-	-	218,797
Northern Human Services Center	714,545	349,832	-	12,099	361,931
Northside Human Services	-	36,598	36,598	-	-
New Hope Creek preserve	-	314,423	314,423	-	-
OPT modular unit	-	26,112	26,112	-	-
Orange Enterprises	-	827,379	827,379	-	-
Senior center- central Orange	6,460,533	6,024,932	-	111,543	6,136,475
Robert and Pearl Seymore Center	6,265,271	6,260,271	-	-	6,260,271
Southern Human Services Center	-	45,271	45,271	-	-
Farmers' market	-	89,415	89,415	-	-
Park operations base and County storage	-	10,050	10,050	-	-
CNG fueling station	-	115,190	115,190	-	-
Animal services facility	9,110,287	9,019,891	-	79,030	9,098,921
EMS relocation and meadowlands annex	3,531,714	3,454,297	-	37,719	3,492,016
County campus, office building, and library	25,874,000	6,334,799	-	19,420,935	25,755,734
Solid waste operation center	2,482,370	2,381,222	-	100,691	2,481,913
County other	366,596	9,110	-	435,760	444,870
Blackwood Farm	2,451,935	2,187,749	-	-	2,187,749
Cate property	3,675,000	3,645,351	-	4,869	3,650,220
Cedar Grove Park	1,848,000	1,749,364	-	87,536	1,836,900
Twin Creeks Park	1,550,000	180,324	-	299,517	479,841
Efland Cheeks Park	-	1,120,886	1,120,886	-	-
Fairview Park	1,615,023	206,903	-	620,102	827,005
Conservation easement	7,040,707	4,946,143	-	5,569	4,951,712
Greenways development	-	783,426	783,426	-	-
Homestead Park and Aquatics Center	-	4,403,982	4,403,982	-	-
Lands Legacy - unallocated	7,083,775	3,523,263	-	4,250	3,527,513
Little River natural area and park	-	1,476,021	1,476,021	-	-
McGowan Creek preserve	-	338,521	338,521	-	-
Other park projects	-	1,500	1,500	-	-

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, 2010**

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
Parkland & recreation facilities	113,570	86,007	-	11,650	97,657
Seven Mile Creek preserve	151,000	490,826	490,826	145,689	145,689
Smith Middle School Park	-	152,111	152,111	-	-
Southern Park	-	3,881,996	3,881,996	-	-
SportsPlex	-	4,384,442	4,384,442	-	-
Bolin Creek greenway	-	75,000	75,000	-	-
West Ten soccer complex	4,012,128	3,914,749	-	84,459	3,999,208
Central recreation repairs	448,940	401,683	-	-	401,683
Orange High School tennis court resurfacing	-	165,000	165,000	-	-
River Park development	50,000	-	-	-	-
Lake Michael Park	75,000	75,000	-	-	75,000
Millhouse Road Park	238,712	188,712	-	6,490	195,202
Recreation and parks capital maintenance	25,000	24,360	-	-	24,360
Utility extension development	165,000	88,428	-	9,447	97,875
Building safety	-	37,876	37,876	-	-
Roofing projects	1,333,100	743,256	-	178,342	921,598
Affordable housing	6,115,000	3,848,196	-	229,436	4,077,632
Information technology	5,326,000	2,600,000	-	549,065	3,149,065
Register of Deeds' automation enhancement	990,964	689,451	-	26,063	715,514
Equipment and vehicles	-	199,473	199,473	-	-
Medicaid maximization	1,816,093	348,471	-	10,994	359,465
Emergency power	-	200,986	200,986	-	-
Solid waste collection centers	140,000	28,699	-	-	28,699
Loan pool reserve	75,000	75,000	-	-	75,000
Efland sewer extension	2,192,240	6,190	-	20,960	27,150
HVAC projects	593,000	502,222	-	-	502,222
ADA compliance	100,000	16,058	-	-	16,058
Masonry repairs	-	9,200	9,200	-	-
Painting of County facilities	-	12,623	12,623	-	-
Assessments and testing	-	6,800	6,800	-	-
Capital repairs and replacement reserve	-	16,555	16,555	-	-
County facilities art reserve	5,000	1,690	-	-	1,690
Elevator repairs and improvements	-	61,365	61,365	-	-
Flooring replacement	-	16,387	16,387	-	-
Parking lot repairs	-	5,358	5,358	-	-
Signage	-	3,700	3,700	-	-
Utilities demand reduction systems	130,000	51,759	-	54,296	106,055
Emergency communications	-	99,429	99,429	-	-
Upfit of County space - Link Center	1,100,000	-	-	499,793	499,793
Telephone system replacement	575,000	-	-	393,708	393,708
Hillsborough Commons	3,790,000	1,080,989	-	2,654,158	3,735,147
Board of Elections office	97,000	-	-	19,625	19,625
Piedmont Food & Ag Processing	1,127,319	-	-	77,234	77,234
Animal Services Deconstrucion	50,000	-	-	43,000	43,000
Emergency Services Reserve	68,000	-	-	-	-
Lake Orange Capital Maintenance	165,000	-	-	5,889	5,889

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, 2010**

	Actual				
	Budget to Date	Reported in Prior Years	Closed Projects	Current Year	Total to Date
Observation Well Network	11,330	-	-	11,297	11,297
Sportsplex Facility Maintenance	100,000	-	-	-	-
Total expenditures	<u>125,314,193</u>	<u>101,503,552</u>	<u>24,153,282</u>	<u>26,596,699</u>	<u>103,946,969</u>
Revenues over (under) expenditures	<u>(110,145,143)</u>	<u>(90,935,255)</u>	<u>(22,638,299)</u>	<u>(24,952,274)</u>	<u>(93,249,230)</u>
Other Financing Sources (Uses):					
Bonds insurance	19,607,988	32,517,500	10,584,876	-	21,932,624
Refunding bonds	27,000,000	-	-	22,455,000	22,455,000
Bond premium	-	-	-	1,762,954	1,762,954
Installment loan issuance	67,946,676	70,282,367	4,825,235	-	65,457,132
Capital lease issuance	2,715,255	2,715,255	-	-	2,715,255
Payment to escrow agent	(26,803,404)	-	-	(24,021,358)	(24,021,358)
Transfers in	23,717,868	22,550,711	8,290,120	6,850,623	21,111,214
Transfers out	(4,748,677)	(3,889,609)	(1,061,932)	(1,685,000)	(4,512,677)
Appropriated fund balance	709,437	-	-	-	-
Total other financing sources (uses)	<u>110,145,143</u>	<u>124,176,224</u>	<u>22,638,299</u>	<u>5,362,219</u>	<u>106,900,144</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 33,240,969</u>	<u>\$ -</u>	<u>(19,590,055)</u>	<u>\$ 13,650,914</u>
Fund Balance:					
Beginning of year - July 1				<u>33,240,969</u>	
End of year - June 30				<u>\$ 13,650,914</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, 2010**

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
Revenues:					
State grants	\$ -	\$ 6,699,670	\$ 6,699,670	\$ -	\$ -
Investment earnings	2,425,887	2,656,396	194,104	1,686	2,463,978
Sales tax	375,000	1,754,989	2,002,007	435,733	188,715
Lottery proceeds	2,892,139	2,048,202	1,007,284	1,918,139	2,959,057
Other	-	540,000	540,000	-	-
Total revenues	<u>5,693,026</u>	<u>13,699,257</u>	<u>10,443,065</u>	<u>2,355,558</u>	<u>5,611,750</u>
Expenditures:					
Orange County Schools:					
A.L. Stanback Middle School	14,463,986	14,398,912	14,398,912	3,199	3,199
Cameron Park Elementary	593,285	393,285	393,285	134,200	134,200
Efland Cheeks Elementary	133,541	553,459	553,459	94,838	94,838
Grady Brown Elementary	54,040	201,960	201,960	-	-
Hillsborough Elementary	295,000	1,161,250	1,161,250	143,308	143,308
Hillsborough Elementary renovations	-	1,442,965	1,442,965	-	-
New Hope Elementary renovations	325,000	62,591	-	179,218	241,809
Pathways Elementary	-	13,006,380	13,006,380	-	-
Gravelly Hill Middle School	23,183,149	23,224,457	23,224,457	-	-
Stanford Middle School	273,065	2,988,641	2,988,641	176,073	176,073
Cedar Ridge High School	28,700,000	28,836,396	28,836,396	-	-
Orange High School	418,235	3,038,508	3,038,508	319,966	319,966
Orange High Track Repairs	495,634	-	-	495,634	495,634
Alternative School	356,720	600,000	600,000	145,976	145,976
Air conditioning	2,876,389	2,930,776	2,930,776	-	-
Asbestos removal	-	401,542	401,542	-	-
Bus garage	340,000	325,944	325,944	14,057	14,057
Central elementary air	240,000	242,440	242,440	69,134	69,134
Electric service upgrades	-	629,154	629,154	-	-
Emergency preparedness improvements	154,656	154,656	154,656	-	-
Energy management system	-	416,866	416,866	-	-
Environmental testing	-	145,607	145,607	-	-
Flooring replacements	-	399,564	399,564	-	-
Handicap accessibility	-	601,231	601,231	-	-
HVAC upgrades/improvements	-	611,744	611,744	-	-
Indoor air quality	14,000	14,000	14,000	-	-
Kitchen renovations	-	405,000	405,000	-	-
Planning for future projects	-	163,897	163,897	-	-
Playground protective surface	-	153,793	153,793	-	-
Recurring capital	-	140,581	140,581	-	-
Reserve for new elementary school	-	85,794	85,794	-	-

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, 2010**

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
Roofing projects	748,310	734,948	734,948	-	-
Technology plan	554,099	9,848,114	9,848,114	311,571	311,571
District-wide improvements	232,000	84,255	84,255	94,441	94,441
Bathroom renovations	180,532	-	-	19,774	19,774
Fire/safety upgrades	250,000	-	-	132,824	132,824
Total Orange County Schools	74,881,641	108,398,710	108,336,119	2,334,213	2,396,804
Chapel Hill Carrboro Schools:					
Carrboro Elementary School	-	286,316	286,316	-	-
Elementary #9	-	12,622,024	12,622,024	-	-
Elementary #11	974,000	533,460	-	380,101	913,561
Frank Porter Graham Elementary	-	165,000	165,000	-	-
Morris Grove Elementary	40,000	24,187,680	24,187,680	33,725	33,725
Phillips Middle School renovations	-	61,324	61,324	-	-
Sewell Elementary	-	10,372	10,372	-	-
Smith Middle School campus	-	19,815,474	19,815,474	-	-
Transportation Center	309,500	-	-	50,488	50,488
Carrboro High School	75,000	36,768,194	36,768,194	6,223	6,223
Carrboro Arts Wing	4,136,434	-	-	845,061	845,061
Abatement projects	310,000	349,535	378,164	226,216	197,587
ADA requirements	115,505	282,645	282,645	9,507	9,507
ATH facilities/playgrounds	-	2,419,652	2,419,652	-	-
Classroom/academic improvements	80,000	550,154	550,154	32,123	32,123
Doors, hardware, canopies	50,000	630,970	630,970	6,561	6,561
Electrical systems	67,000	210,472	210,472	67,000	67,000
Energy efficiency renovations	-	225,000	225,000	-	-
Fire, safety, and security	105,000	1,629,759	1,629,759	25,000	25,000
Indoor air quality	231,340	2,295,770	2,295,770	136,676	136,676
Kitchen renovations	-	100,000	100,000	-	-
Lincoln center conversion	-	621,531	621,531	-	-
Mechanical systems	1,065,968	3,110,567	3,110,567	249,282	249,282
Mobile classrooms	135,000	2,128,521	2,128,521	123,673	123,673
Mobile units	-	203,480	203,480	-	-
Parking lot improvements	25,000	727,036	727,036	6,705	6,705
Planning for future projects	-	958,146	958,146	-	-
Reserve for future projects	-	80,000	80,000	-	-
Roofing projects	730,009	3,492,679	3,492,679	426,369	426,369
Roofing projects (phase 2)	-	944,063	944,063	-	-
Technology	1,210,000	13,618,454	13,618,454	1,194,037	1,194,037
Window replacements	353,658	1,672,542	1,523,448	158,937	308,031
Total Chapel Hill Carrboro Schools	10,013,414	130,700,820	130,046,895	3,977,684	4,631,609

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, 2010

	Budget to Date	Actual			Total to Date
		Reported in Prior Years	Closed Projects	Current Year	
Other expenditures	1,934,887	160,138	213,365	296,073	242,846
Total expenditures	86,829,942	239,259,668	238,596,379	6,607,970	7,271,259
Revenues over (under) expenditures	(81,136,916)	(225,560,411)	(228,153,314)	(4,252,412)	(1,659,509)
Other Financing Sources (Uses):					
Bonds issuance	50,416,510	104,551,917	104,416,917	4,136,434	4,271,434
Installment loan insurance	17,685,566	59,067,000	59,067,000	-	-
Transfers in	13,686,021	67,286,522	65,556,083	4,311,827	6,042,266
Transfers out	(893,181)	(2,935,188)	(886,686)	-	(2,048,502)
Appropriated fund balance	242,000	-	-	-	-
Total other financing sources (uses)	81,136,916	227,970,251	228,153,314	8,448,261	8,265,198
Net change in fund balance	\$ -	\$ 2,409,840	\$ -	4,195,849	\$ 6,605,689
Fund Balance:					
Beginning of year - July 1				2,409,840	
End of year - June 30				\$ 6,605,689	

Nonmajor Governmental Funds

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.

Property Revaluation Fund - required by General Statutes for the accumulation of adequate funds for the revaluation of property values every four years.

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

ORANGE COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010**

	<u>Special Revenue Funds</u>							
	<u>Impact Fee</u>	<u>Property Revaluation</u>	<u>Community Development</u>	<u>School Capital Reserve</u>	<u>Section 8 Housing</u>	<u>Grant Supported</u>	<u>Grant Projects</u>	<u>Emergency Telephone System</u>
Assets:								
Cash and investments	\$ 1,041,686	\$ 40,948	\$ 68,099	\$ 111,681	\$ 756,078	\$ 23,855	\$ 613,199	\$ 205,755
Account receivable:								
Property taxes, net	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	397,229	-
State	-	-	-	-	-	88,832	14,917	109,508
Other	210,714	-	98,997	-	-	19,370	-	-
Total assets	<u>\$ 1,252,400</u>	<u>\$ 40,948</u>	<u>\$ 167,096</u>	<u>\$ 111,681</u>	<u>\$ 756,078</u>	<u>\$ 132,057</u>	<u>\$ 1,025,345</u>	<u>\$ 315,263</u>
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 542	\$ 5,576	\$ 121,649	\$ -	\$ 14,472	\$ 17,880	\$ 325,946	\$ 3,958
Deferred revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>542</u>	<u>5,576</u>	<u>121,649</u>	<u>-</u>	<u>14,472</u>	<u>17,880</u>	<u>325,946</u>	<u>3,958</u>
Fund Balances:								
Reserved for encumbrances	-	-	20,520	-	-	10,553	53,611	-
Reserved by State statute	210,714	-	-	-	-	108,202	-	109,508
Unreserved, designated for subsequent year's expenditures	-	35,372	-	-	-	-	340,045	-
Unreserved, undesignated	1,041,144	-	24,927	111,681	741,606	(4,578)	305,743	201,797
Total fund balances	<u>1,251,858</u>	<u>35,372</u>	<u>45,447</u>	<u>111,681</u>	<u>741,606</u>	<u>114,177</u>	<u>699,399</u>	<u>311,305</u>
Total liabilities and fund balances	<u>\$ 1,252,400</u>	<u>\$ 40,948</u>	<u>\$ 167,096</u>	<u>\$ 111,681</u>	<u>\$ 756,078</u>	<u>\$ 132,057</u>	<u>\$ 1,025,345</u>	<u>\$ 315,263</u>

Special Revenue Funds

Visitors' Bureau	Local Fire Districts	Heusner	Library Development	Adoption Enhancement	Recreation Subdivision	Spay Neuter	County Capital Reserve Fund	Total Nonmajor Governmental Funds
\$ 322,992	\$ 368,390	\$ 9,132	\$ 137,830	\$ 74,708	\$ 1,113,574	\$ 56,666	\$ 364,670	\$ 5,309,263
-	82,711	-	-	-	-	-	-	82,711
-	-	-	-	-	-	-	-	397,229
-	-	-	-	-	-	2,348	-	215,605
165,846	-	-	-	-	-	-	-	494,927
<u>\$ 488,838</u>	<u>\$ 451,101</u>	<u>\$ 9,132</u>	<u>\$ 137,830</u>	<u>\$ 74,708</u>	<u>\$ 1,113,574</u>	<u>\$ 59,014</u>	<u>\$ 364,670</u>	<u>\$ 6,499,735</u>
\$ 36,236	\$ 20,333	\$ -	\$ -	\$ 6,681	\$ -	\$ 7,233	\$ -	\$ 560,506
-	82,712	-	-	-	-	-	-	82,712
<u>36,236</u>	<u>103,045</u>	<u>-</u>	<u>-</u>	<u>6,681</u>	<u>-</u>	<u>7,233</u>	<u>-</u>	<u>643,218</u>
265	-	-	-	-	-	-	-	84,949
165,846	-	-	-	-	-	2,348	-	596,618
-	-	-	-	-	-	-	-	375,417
286,491	348,056	9,132	137,830	68,027	1,113,574	49,433	364,670	4,799,533
452,602	348,056	9,132	137,830	68,027	1,113,574	51,781	364,670	5,856,517
<u>\$ 488,838</u>	<u>\$ 451,101</u>	<u>\$ 9,132</u>	<u>\$ 137,830</u>	<u>\$ 74,708</u>	<u>\$ 1,113,574</u>	<u>\$ 59,014</u>	<u>\$ 364,670</u>	<u>\$ 6,499,735</u>

ORANGE COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds							
	<u>Impact Fee</u>	<u>Property Revaluation</u>	<u>Community Development</u>	<u>School Capital Reserve</u>	<u>Section 8 Housing</u>	<u>Grant Supported</u>	<u>Grant Projects</u>	<u>Emergency Telephone System</u>
Revenues:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	1,740,667	-	4,188,704	449,916	817,832	-
Charges for services	-	-	-	-	-	59,561	-	657,050
Investment earnings	2,937	98	667	19	235	-	-	1,134
Impact fees	1,214,819	-	-	-	-	-	-	-
Miscellaneous	-	-	39,528	109,780	-	19,370	-	-
Total revenues	<u>1,217,756</u>	<u>98</u>	<u>1,780,862</u>	<u>109,799</u>	<u>4,188,939</u>	<u>528,847</u>	<u>817,832</u>	<u>658,184</u>
Expenditures:								
Current:								
General services	-	-	2,343,577	-	-	-	-	-
Community and environment	-	155,792	-	-	4,422,242	586,695	690	-
Human services	-	-	-	-	-	-	165,826	-
Public safety	-	-	-	-	-	-	502,733	486,436
Total expenditures	<u>-</u>	<u>155,792</u>	<u>2,343,577</u>	<u>-</u>	<u>4,422,242</u>	<u>586,695</u>	<u>669,249</u>	<u>486,436</u>
Revenues over (under) expenditures	<u>1,217,756</u>	<u>(155,694)</u>	<u>(562,715)</u>	<u>109,799</u>	<u>(233,303)</u>	<u>(57,848)</u>	<u>148,583</u>	<u>171,748</u>
Other Financing Sources (Uses):								
Transfers in	-	101,000	279,156	-	163,225	73,785	-	-
Transfer out	<u>(1,217,756)</u>	<u>-</u>	<u>(163,225)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,917)</u>	<u>(1,200,000)</u>
Total other financing sources (uses)	<u>(1,217,756)</u>	<u>101,000</u>	<u>115,931</u>	<u>-</u>	<u>163,225</u>	<u>73,785</u>	<u>(24,917)</u>	<u>(1,200,000)</u>
Net change in fund balances	-	(54,694)	(446,784)	109,799	(70,078)	15,937	123,666	(1,028,252)
Fund Balances:								
Beginning of year - July 1	<u>1,251,858</u>	<u>90,066</u>	<u>492,231</u>	<u>1,882</u>	<u>811,684</u>	<u>98,240</u>	<u>575,733</u>	<u>1,339,557</u>
End of year - June 30	<u>\$ 1,251,858</u>	<u>\$ 35,372</u>	<u>\$ 45,447</u>	<u>\$ 111,681</u>	<u>\$ 741,606</u>	<u>\$ 114,177</u>	<u>\$ 699,399</u>	<u>\$ 311,305</u>

Special Revenue Funds

Visitors' Bureau	Local Fire Districts	Heusner	Library Development	Adoption Enhancement	Recreation Subdivision	Spay Neuter	County Capital Reserve Fund	Total Nonmajor Governmental Funds
\$ 875,750	\$ 3,255,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,130,751
-	20,333	-	-	-	-	-	-	7,217,452
-	-	-	-	66,873	-	31,841	-	815,325
1,364	423	16	1,967	125	2,044	77	-	11,106
-	-	-	-	-	-	-	-	1,214,819
131,222	-	-	-	-	16,347	20,594	164,670	501,511
<u>1,008,336</u>	<u>3,275,757</u>	<u>16</u>	<u>1,967</u>	<u>66,998</u>	<u>18,391</u>	<u>52,512</u>	<u>164,670</u>	<u>13,890,964</u>
-	-	-	-	-	-	-	-	2,343,577
949,908	-	-	-	-	-	29,529	-	6,144,856
-	-	-	-	69,913	-	-	-	235,739
-	<u>3,165,581</u>	-	-	-	-	-	-	<u>4,154,750</u>
<u>949,908</u>	<u>3,165,581</u>	-	-	<u>69,913</u>	-	<u>29,529</u>	-	<u>12,878,922</u>
<u>58,428</u>	<u>110,176</u>	<u>16</u>	<u>1,967</u>	<u>(2,915)</u>	<u>18,391</u>	<u>22,983</u>	<u>164,670</u>	<u>1,012,042</u>
-	-	-	-	-	-	48,798	200,000	865,964
-	-	-	-	-	(175,023)	(20,000)	-	(2,800,921)
-	-	-	-	-	(175,023)	28,798	200,000	(1,934,957)
58,428	110,176	16	1,967	(2,915)	(156,632)	51,781	364,670	(922,915)
394,174	237,880	9,116	135,863	70,942	1,270,206	-	-	6,779,432
<u>\$ 452,602</u>	<u>\$ 348,056</u>	<u>\$ 9,132</u>	<u>\$ 137,830</u>	<u>\$ 68,027</u>	<u>\$ 1,113,574</u>	<u>\$ 51,781</u>	<u>\$ 364,670</u>	<u>\$ 5,856,517</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Fees, Orange County Schools	\$ 900,000	\$ 658,148	\$ (241,852)
Fees, Chapel Hill, Carrboro	<u>900,000</u>	<u>556,671</u>	<u>(343,329)</u>
Total impact fees	<u>1,800,000</u>	<u>1,214,819</u>	<u>(585,181)</u>
Investment earnings, Orange County Schools	-	2,515	2,515
Investment earnings, Chapel Hill, Carrboro Schools	<u>-</u>	<u>422</u>	<u>422</u>
Total investment earnings	<u>-</u>	<u>2,937</u>	<u>2,937</u>
Total revenues	<u>1,800,000</u>	<u>1,217,756</u>	<u>(582,244)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(1,800,000)</u>	<u>(1,217,756)</u>	<u>582,244</u>
Total other financing sources (uses)	<u>(1,800,000)</u>	<u>(1,217,756)</u>	<u>582,244</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>1,251,858</u>	
End of year - June 30		<u>\$ 1,251,858</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 98	\$ 98
Total revenues	<u>-</u>	<u>98</u>	<u>98</u>
Expenditures:			
Community and Environment:			
Property revaluation:			
Personal services	81,600	72,950	(8,650)
Operations	<u>93,502</u>	<u>82,842</u>	<u>(10,660)</u>
Total expenditures	<u>175,102</u>	<u>155,792</u>	<u>(19,310)</u>
Revenues over (under) expenditures	<u>(175,102)</u>	<u>(155,694)</u>	<u>19,408</u>
Other Financing Sources (Uses):			
Transfers in	101,000	101,000	-
Appropriated fund balance	<u>74,102</u>	<u>-</u>	<u>(74,102)</u>
Total other financing sources (uses)	<u>175,102</u>	<u>101,000</u>	<u>(74,102)</u>
Net change in fund balance	<u>\$ -</u>	<u>(54,694)</u>	<u>\$ (54,694)</u>
Fund Balance:			
Beginning of year - July 1		<u>90,066</u>	
End of year - June 30		<u>\$ 35,372</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, 2010

	Budget to Date	Actual			Total to Date
		Reported in Prior Year	Closed Projects	Current Year	
Revenues:					
HUD grants	\$ 8,982,251	\$ 6,561,932	\$ -	\$ 1,375,603	\$ 7,937,535
CDBG grants:					
Richmond Hills	-	250,000	250,000	-	-
Scattered site	400,000	934,296	800,000	158,099	292,395
HOME partnership	803,600	803,600	-	-	803,600
IDA	95,000	37,625	-	27,375	65,000
Investment earnings	1,000	7,727	-	667	8,394
Program income, HOME	1,575,697	709,118	-	179,590	888,708
Other	140,717	137,111	137,111	39,528	39,528
Total revenues	<u>11,998,265</u>	<u>9,441,409</u>	<u>1,187,111</u>	<u>1,780,862</u>	<u>10,035,160</u>
Expenditures:					
General Services:					
Administration	-	1,646,402	14,360	-	1,632,042
Administration, Richmond Hills	-	250,000	250,000	-	-
Administration, scattered site	-	78,430	-	-	78,430
Administration, IDA	170,000	188,394	-	3,750	192,144
Rehabilitation	1,784,715	4,616,650	122,700	448,282	4,942,232
Rehabilitation, HOME partnership	210,780	459,133	-	75,660	534,793
Rehabilitation, scattered site	400,000	854,012	800,051	190,056	244,017
Affordable housing, impact fee reimbursement	780,212	3,333,220	-	27,092	3,360,312
Affordable housing, HOME partnership	10,640,122	143,500	-	1,598,737	1,742,237
Public facilities improvement, HOME partnership	803,600	197,098	-	-	197,098
Total expenditures	<u>14,789,429</u>	<u>11,766,839</u>	<u>1,187,111</u>	<u>2,343,577</u>	<u>12,923,305</u>
Revenues over (under) expenditures	<u>(2,791,164)</u>	<u>(2,325,430)</u>	<u>-</u>	<u>(562,715)</u>	<u>(2,888,145)</u>
Other Financing Sources (Uses):					
Transfers in	2,777,198	3,441,527	-	279,156	3,720,683
Transfers out	-	(623,866)	-	(163,225)	(787,091)
Appropriated fund balance	13,966	-	-	-	-
Total other financing sources (uses)	<u>2,791,164</u>	<u>2,817,661</u>	<u>-</u>	<u>115,931</u>	<u>2,933,592</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 492,231</u>	<u>\$ -</u>	<u>(446,784)</u>	<u>\$ 45,447</u>
Fund Balance:					
Beginning of year - July 1				<u>492,231</u>	
End of year - June 30				<u>\$ 45,447</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 19	\$ 19
Miscellaneous revenues	-	<u>109,780</u>	<u>109,780</u>
Total revenues	-	<u>109,799</u>	<u>109,799</u>
Net change in fund balance	<u>\$ -</u>	109,799	<u>\$ 109,799</u>
Fund Balance:			
Beginning of year - July 1		<u>1,882</u>	
End of year - June 30		<u>\$ 111,681</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 30,2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Federal grants:			
Hosing vouchers	\$ 4,273,509	\$ 4,188,704	\$ (84,805)
Investment earnings	-	235	235
Total revenues	<u>4,273,509</u>	<u>4,188,939</u>	<u>(84,570)</u>
Expenditures:			
Community and Environment:			
Housing vouchers:			
Administration	471,136	516,524	45,388
Assistance payments	<u>4,233,884</u>	<u>3,905,718</u>	<u>(328,166)</u>
Total expenditures	<u>4,705,020</u>	<u>4,422,242</u>	<u>(282,778)</u>
Revenues over (under) expenditures	<u>(431,511)</u>	<u>(233,303)</u>	<u>198,208</u>
Other Financing Sources (Uses):			
Transfers out	81,511	163,225	81,714
Appropriated fund balance	<u>350,000</u>	-	<u>(350,000)</u>
Total other financing sources (uses)	<u>431,511</u>	<u>163,225</u>	<u>(268,286)</u>
Net change in fund balance	<u>\$ -</u>	<u>(70,078)</u>	<u>\$ (70,078)</u>
Fund Balance:			
Beginning of year - July 1		<u>811,684</u>	
End of year - June 30		<u>\$ 741,606</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Over/Under</u>
Revenues:			
Health grants	\$ 233,772	\$ 212,175	\$ (21,597)
Aging	47,200	48,998	1,798
Sheriff	191,523	188,743	(2,780)
Charges for services	58,000	59,561	1,561
Miscellaneous revenues	19,370	19,370	-
Total revenues	<u>549,865</u>	<u>528,847</u>	<u>(21,018)</u>
Expenditures:			
Human Services:			
Health:			
Personal services	111,240	107,023	(4,217)
Operating	46,007	43,393	(2,614)
Aging:			
Personal services	128,920	130,508	1,588
Operating	103,903	89,606	(14,297)
EMS:			
Personal services	49,223	51,109	1,886
Operating	198,523	165,056	(33,467)
Total expenditures	<u>637,816</u>	<u>586,695</u>	<u>(51,121)</u>
Revenues over (under) expenditures	<u>(87,951)</u>	<u>(57,848)</u>	<u>30,103</u>
Other Financing Sources (Uses):			
Transfer in	73,785	73,785	-
Appropriated fund balance	14,166	-	(14,166)
Total other financing sources (uses)	<u>87,951</u>	<u>73,785</u>	<u>(14,166)</u>
Net change in fund balance	<u>\$ -</u>	<u>15,937</u>	<u>\$ 15,937</u>
Fund Balance:			
Beginning of year - July 1		<u>98,240</u>	
End of year - June 30		<u>\$ 114,177</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, 2010**

	Budget to Date	Actual		Total to Date
		Reported in Prior Year	Current Year	
Revenues:				
Social Services grants	\$ 1,301,098	\$ 242,234	\$ 102,195	\$ 344,429
Health grants	2,765,090	1,909,385	196,298	2,105,683
Cooperative extension	319,771	111,993	600	112,593
Aging	473,526	-	(363)	(363)
Emergency Management grants	2,789,495	1,406,316	-	1,406,316
Sheriff	2,977,074	2,330,080	438,402	2,768,482
Planning	421,649	366,785	80,700	447,485
Library	96,584	14,971	-	14,971
Total revenues	<u>11,144,287</u>	<u>6,381,764</u>	<u>817,832</u>	<u>7,199,596</u>
Expenditures:				
Community and Environment:				
Operating	-	50,873	-	50,873
Social Services:				
Personal services	312,676	84,329	-	84,329
Operating	963,505	57,578	79,723	137,301
Health:				
Personal services	1,858,977	1,468,192	30,810	1,499,002
Operating	1,264,547	468,449	55,293	523,742
Cooperative extension:				
Personal services	143,669	148,915	-	148,915
Operating	176,102	71,284	690	71,974
Aging:				
Personal services	239,327	-	-	-
Operating	234,199	17,806	-	17,806
EMS:				
Personal services	-	87,782	-	87,782
Operating	3,127,785	3,243,752	-	3,243,752
Sheriff:				
Personal services	2,148,067	209,729	-	209,729
Operating	1,335,586	486,509	440,561	927,070
Planning:				
Personal services	351,377	165,297	40,000	205,297
Operating	480,199	278,655	22,172	300,827
Library:				
Operating	15,113	15,099	-	15,099
Total expenditures	<u>12,651,129</u>	<u>6,854,249</u>	<u>669,249</u>	<u>7,523,498</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, 2010

	<u>Budget to Date</u>	<u>Reported in Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues over (under) expenditures	(1,506,842)	(472,485)	148,583	(323,902)
Other Financing Sources (Uses):				
Transfers to General Fund	(24,917)	-	(24,917)	(24,917)
Transfers in	1,531,759	1,048,218	-	1,048,218
Total other financing sources (uses)	<u>1,506,842</u>	<u>1,048,218</u>	<u>(24,917)</u>	<u>1,023,301</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 575,733</u>	123,666	<u>\$ 699,399</u>
Fund Balance:				
Beginning of year - July 1			<u>575,733</u>	
End of year - June 30			<u>\$ 699,399</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 1,134	\$ 1,134
Subscriber fees	<u>501,227</u>	<u>657,050</u>	<u>155,823</u>
Total revenues	<u>501,227</u>	<u>658,184</u>	<u>156,957</u>
Expenditures:			
Personal services	189,671	179,045	(10,626)
Operations	<u>311,556</u>	<u>307,391</u>	<u>(4,165)</u>
Total expenditures	<u>501,227</u>	<u>486,436</u>	<u>(14,791)</u>
Revenues over (under) expenditures	<u>-</u>	<u>171,748</u>	<u>171,748</u>
Other Financing Sources (Uses):			
Transfer to County Capital Project Fund	(1,200,000)	(1,200,000)	-
Appropriated fund balance	<u>1,200,000</u>	<u>-</u>	<u>(1,200,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,028,252)</u>	<u>\$ (1,028,252)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,339,557</u>	
End of year - June 30		<u>\$ 311,305</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Occupancy tax	\$ 799,691	\$ 875,750	\$ 76,059
Investment earnings	11,000	1,364	(9,636)
Other	<u>131,000</u>	<u>131,222</u>	<u>222</u>
Total revenues	<u>941,691</u>	<u>1,008,336</u>	<u>66,645</u>
Expenditures:			
Community and environment Operations	639,698	630,161	(9,537)
Personal services	<u>323,033</u>	<u>319,747</u>	<u>(3,286)</u>
Total expenditures	<u>962,731</u>	<u>949,908</u>	<u>(12,823)</u>
Revenues over (under) expenditures	(21,040)	58,428	79,468
Other Financing Sources (Uses):			
Appropriated fund balance	<u>21,040</u>	<u>-</u>	<u>(21,040)</u>
Net change in fund balance	<u>\$ -</u>	<u>58,428</u>	<u>58,428</u>
Fund Balance:			
Beginning of year - July 1		<u>394,174</u>	
End of year - June 30		<u>\$ 452,602</u>	

ORANGE COUNTY, NORTH CAROLINA

**LOCAL FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Property taxes, current	\$ 3,108,701	\$ 3,206,670	\$ 97,969
Property taxes, delinquent	27,618	48,331	20,713
NCDOT Grant	20,333	20,333	-
Investment earnings	2,929	423	(2,506)
Total revenues	<u>3,159,581</u>	<u>3,275,757</u>	<u>116,176</u>
Expenditures:			
Public Safety:			
Remittance to fire districts	<u>3,165,581</u>	<u>3,165,581</u>	<u>-</u>
Total expenditures	<u>3,165,581</u>	<u>3,165,581</u>	<u>-</u>
Revenues over (under) expenditures	(6,000)	110,176	116,176
Other Financing Sources (Uses):			
Appropriated fund balance	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>110,176</u>	<u>\$ 110,176</u>
Fund Balance:			
Beginning of year - July 1		<u>237,880</u>	
End of year - June 30		<u>\$ 348,056</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 16	\$ 16
Fund Balance:			
Beginning of year - July 1		9,116	
End of year - June 30		<u>\$ 9,132</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 1,967	\$ 1,967
Fund Balance:			
Beginning of year - July 1		<u>135,863</u>	
End of year - June 30		<u>\$ 137,830</u>	

ORANGE COUNTY, NORTH CAROLINA

**ADOPTION ENHANCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budget to Date</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Reported in Prior Year</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ -	\$ 16,934	\$ 125	\$ 17,059
Charges for services	<u>390,174</u>	<u>335,182</u>	<u>66,873</u>	<u>402,055</u>
Total revenues	<u>390,174</u>	<u>352,116</u>	<u>66,998</u>	<u>419,114</u>
Expenditures:				
Adoption enhancement	<u>467,119</u>	<u>358,119</u>	<u>69,913</u>	<u>428,032</u>
Total expenditures	<u>467,119</u>	<u>358,119</u>	<u>69,913</u>	<u>428,032</u>
Revenues over (under) expenditures	(76,945)	(6,003)	(2,915)	(8,918)
Other Financing Sources (Uses):				
Transfers from other funds	<u>76,945</u>	<u>76,945</u>	-	<u>76,945</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 70,942</u>	(2,915)	<u>\$ 68,027</u>
Fund Balance:				
Beginning of year - July 1			<u>70,942</u>	
End of year - June 30			<u>\$ 68,027</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 2,044	\$ 2,044
Subdivision payments	-	16,347	16,347
Total revenues	<u>-</u>	<u>18,391</u>	<u>18,391</u>
Other Financing Sources (Uses):			
Transfer to County Capital Project	(175,023)	(175,023)	-
Appropriated fund balance	<u>175,023</u>	<u>-</u>	<u>(175,023)</u>
Total other financing sources (uses)	<u>-</u>	<u>(175,023)</u>	<u>(175,023)</u>
Net change in fund balance	<u>\$ -</u>	<u>(156,632)</u>	<u>\$ (156,632)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,270,206</u>	
End of year - June 30		<u>\$ 1,113,574</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 77	\$ 77
Animal tax	27,000	31,841	4,841
Donations	-	3,270	3,270
Miscellaneous revenues	<u>6,000</u>	<u>17,324</u>	<u>11,324</u>
Total revenues	<u>33,000</u>	<u>52,512</u>	<u>19,512</u>
Expenditures:			
Community and Environment:			
Operations	<u>61,798</u>	<u>29,529</u>	<u>(32,269)</u>
Total expenditures	<u>61,798</u>	<u>29,529</u>	<u>(32,269)</u>
Revenues over (under) expenditures	<u>(28,798)</u>	<u>22,983</u>	<u>51,781</u>
Other Financing Sources (Uses):			
Transfer to General Fund	48,798	48,798	-
Transfer from Capital Project Fund	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>28,798</u>	<u>28,798</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>51,781</u>	<u>\$ 51,781</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 51,781</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous revenues	\$ -	\$ 164,670	\$ 164,670
Total revenues	<u>-</u>	<u>164,670</u>	<u>164,670</u>
Revenues over (under) expenditures	<u>-</u>	<u>164,670</u>	<u>164,670</u>
Other Financing Sources (Uses):			
Transfer from Capital Project Fund	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Total other financing sources (uses)	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Net change in fund balance	<u>\$ -</u>	<u>364,670</u>	<u>\$ 364,670</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 364,670</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.

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ORANGE COUNTY, NORTH CAROLINA

**SOLID WASTE LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Landfill fees	\$ 3,525,650	\$ 3,271,071	\$ (254,579)
Recycling	4,020,594	4,374,617	354,023
Mulch sales	95,700	171,251	75,551
Grants, State	401,622	434,968	33,346
Other	209,879	348,237	138,358
Investment earnings	125,000	17,740	(107,260)
Total revenues	<u>8,378,445</u>	<u>8,617,884</u>	<u>239,439</u>
Expenditures:			
Administration	1,290,546	1,249,254	41,292
Landfill	3,190,379	(1,190,504)	4,380,883
Recycling	2,845,994	6,284,790	(3,438,796)
Contract services	-	4,395	(4,395)
Total expenditures	<u>7,326,919</u>	<u>6,347,935</u>	<u>978,984</u>
Revenues over (under) expenditures	<u>1,051,526</u>	<u>2,269,949</u>	<u>1,218,423</u>
Other Financing Sources (Uses):			
Debt service, principle	(780,356)	(548,168)	232,188
Debt service, interest	-	(96,554)	(96,554)
Transfers in	-	150,000	150,000
Transfers out	(50,000)	(50,000)	-
Capital contributions	(1,274,005)	100,690	1,374,695
Appropriated fund balance	<u>1,052,835</u>	<u>-</u>	<u>(1,052,835)</u>
Total other financing sources (uses)	<u>(1,051,526)</u>	<u>(444,032)</u>	<u>607,494</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 1,825,917</u>	<u>\$ 1,825,917</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Solid Waste Fund, Revenues and other financing sources over (under) expenditures and other financing uses		\$ 1,825,917	
Reconciling items:			
Depreciation		(835,012)	
Post-closing cost		(3,800,474)	
OPEB		(147,797)	
Capital outlay		11,611	
Debt service, principle		<u>548,168</u>	
Change in net assets		<u>\$ (2,397,587)</u>	

ORANGE COUNTY, NORTH CAROLINA

SPORTSPLEX FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Service fees	\$ 2,305,735	\$ 2,469,834	\$ (164,099)
Expenditures:			
Operations	2,500,635	2,387,299	113,336
Revenues over (under) expenditures	<u>(194,900)</u>	<u>82,535</u>	<u>(277,435)</u>
Other Financing Sources (Uses):			
Debt service, principal	(664,100)	(376,457)	(287,643)
Debt service, interest	-	(283,672)	283,672
Transfers in	775,000	775,000	-
Appropriated fund balance	84,000	-	84,000
Total other financing sources (uses)	<u>194,900</u>	<u>114,871</u>	<u>80,029</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 197,406</u>	<u>\$ 197,406</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		\$ 197,406	
Reconciling items:			
Depreciation expense		(267,004)	
Debt service		<u>376,457</u>	
Change in net assets		<u>\$ 306,859</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Service fees	\$ 93,000	\$ 89,001	\$ (3,999)
Interest on investments	-	263	263
Total revenues	<u>93,000</u>	<u>89,264</u>	<u>(3,736)</u>
Expenditures:			
Operations	<u>213,246</u>	<u>212,474</u>	<u>(772)</u>
Revenues over (under) expenditures	<u>(120,246)</u>	<u>(123,210)</u>	<u>(2,964)</u>
Other Financing Sources (Uses):			
Transfers in	119,900	119,900	-
Appropriated fund balance	346	-	(346)
Total other financing sources (uses)	<u>120,246</u>	<u>119,900</u>	<u>(346)</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ (3,310)</u>	<u>\$ (3,310)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Efland Sewer Operating Fund, Revenues and other financing sources over (under) expenditures and other financing uses		\$ (3,310)	
Reconciling items:			
Depreciation expense		<u>(92,697)</u>	
Change in net assets		<u>\$ (96,007)</u>	

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Internal Service Funds

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ORANGE COUNTY, NORTH CAROLINA

**DENTAL INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Operating Revenues:			
Employee contributions	\$ 394,631	\$ 388,236	\$ (6,395)
Operating Expenditures:			
General and administrative	-	22,290	(22,290)
Claims expense	439,335	399,804	39,531
Total operating expenditures	<u>439,335</u>	<u>422,094</u>	<u>17,241</u>
Operating income (loss)	<u>(44,704)</u>	<u>(33,858)</u>	<u>10,846</u>
Non-Operating Revenues:			
Investment earnings	-	735	735
Other Financing Sources (Uses):			
Appropriated fund balance	<u>44,704</u>	<u>-</u>	<u>(44,704)</u>
Change in net assets	<u>\$ -</u>	<u>(33,123)</u>	<u>\$ (33,123)</u>
Net Assets:			
Beginning of year - July 1		<u>396,813</u>	
End of year - June 30		<u>\$ 363,690</u>	

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Agency Funds

ORANGE COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2010**

	<u>School District</u>	<u>Jail Inmate Trust Fund</u>	<u>Cooperative Extension 4-H</u>	<u>Hyconeechee Regional Library</u>
Assets:				
Cash and investments	\$ 59,265	\$ 85,262	\$ 72,881	\$ 448
Accounts receivable, property taxes	253,502	-	-	-
Accounts receivable, other	-	-	-	4,561
Total assets	<u>\$ 312,767</u>	<u>\$ 85,262</u>	<u>\$ 72,881</u>	<u>\$ 5,009</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 312,767	\$ 85,262	\$ 12,891	\$ 5,009
Due to cooperative extension	-	-	59,990	-
Total liabilities	<u>\$ 312,767</u>	<u>\$ 85,262</u>	<u>\$ 72,881</u>	<u>\$ 5,009</u>

Schedule F-1

<u>American Stone No Fault Well Repair</u>	<u>Communication Tower Trust Fund</u>	<u>Motor Vehicle Tax</u>	<u>DSS Trust Fund</u>	<u>Totals</u>
\$ 112,113	\$ 2,547	\$ 4,597	\$ 125,979	\$ 463,092
-	-	-	-	253,502
-	-	-	-	4,561
<u>\$ 112,113</u>	<u>\$ 2,547</u>	<u>\$ 4,597</u>	<u>\$ 125,979</u>	<u>\$ 721,155</u>
\$ 112,113	\$ 2,547	\$ 4,597	\$ 125,979	\$ 661,165
-	-	-	-	59,990
<u>\$ 112,113</u>	<u>\$ 2,547</u>	<u>\$ 4,597</u>	<u>\$ 125,979</u>	<u>\$ 721,155</u>

ORANGE COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>School District Fund</u>				
Assets:				
Cash and investments	\$ 73,314	\$ 19,109,032	\$ 19,123,081	\$ 59,265
Accounts receivable, property taxes	192,724	19,192,953	19,132,175	253,502
Total assets	<u>\$ 266,038</u>	<u>\$ 38,301,985</u>	<u>\$ 38,255,256</u>	<u>\$ 312,767</u>
Liabilities:				
Accounts payable	<u>\$ 266,038</u>	<u>\$ 38,301,985</u>	<u>\$ 38,255,256</u>	<u>\$ 312,767</u>
<u>Jail Inmate Fund</u>				
Assets:				
Cash and investments	<u>\$ 77,231</u>	<u>\$ 41,944</u>	<u>\$ 33,913</u>	<u>\$ 85,262</u>
Liabilities:				
Accounts payable	<u>\$ 77,231</u>	<u>\$ 41,944</u>	<u>\$ 33,913</u>	<u>\$ 85,262</u>
<u>Cooperative Extension 4-H Fund</u>				
Assets:				
Cash and investments	<u>\$ 84,646</u>	<u>\$ 58,693</u>	<u>\$ 70,458</u>	<u>\$ 72,881</u>
Liabilities:				
Accounts payable	\$ 3,506	\$ 77,287	\$ 67,902	\$ 12,891
Due to cooperative extension	81,140	59,405	80,555	59,990
Total assets	<u>\$ 84,646</u>	<u>\$ 136,692</u>	<u>\$ 148,457</u>	<u>\$ 72,881</u>
<u>Hvconeechee Regional Library Fund</u>				
Assets:				
Cash and investments	\$ 32,876	\$ 533,285	\$ 565,713	\$ 448
Accounts receivable, other	4,722	4,561	4,722	4,561
Total assets	<u>\$ 37,598</u>	<u>\$ 537,846</u>	<u>\$ 570,435</u>	<u>\$ 5,009</u>
Liabilities:				
Accounts payable	\$ 21,998	\$ 537,846	\$ 554,835	\$ 5,009
Unearned revenues	15,600	-	15,600	-
Total assets	<u>\$ 37,598</u>	<u>\$ 537,846</u>	<u>\$ 570,435</u>	<u>\$ 5,009</u>
<u>American Stone No Fault Well Repair</u>				
Assets:				
Cash and investments	<u>\$ 106,872</u>	<u>\$ 15,188</u>	<u>\$ 9,947</u>	<u>\$ 112,113</u>
Liabilities:				
Accounts payable	<u>\$ 106,872</u>	<u>\$ 15,188</u>	<u>\$ 9,947</u>	<u>\$ 112,113</u>

ORANGE COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Communication Tower Trust Fund</u>				
Assets:				
Cash and investments	\$ 2,542	\$ 5	\$ -	\$ 2,547
Liabilities:				
Accounts payable	\$ 2,542	\$ 5	\$ -	\$ 2,547
<u>Motor Vehicle Tax</u>				
Assets:				
Cash and investments	\$ 6,064	\$ 73,174	\$ 74,641	\$ 4,597
Liabilities:				
Accounts payable	\$ 6,064	\$ 73,174	\$ 74,641	\$ 4,597
<u>DSS Trust Fund</u>				
Assets:				
Cash and investments	\$ -	\$ 277,659	\$ 151,680	\$ 125,979
Liabilities:				
Accounts payable	\$ -	\$ 277,659	\$ 151,680	\$ 125,979
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 383,545	\$ 20,108,980	\$ 20,029,433	\$ 463,092
Accounts receivable, property taxes	192,724	19,192,953	19,132,175	253,502
Accounts receivable, other	4,722	4,561	4,722	4,561
Total assets	<u>\$ 580,991</u>	<u>\$ 39,306,494</u>	<u>\$ 39,166,330</u>	<u>\$ 721,155</u>
Liabilities:				
Accounts payable	\$ 484,251	\$ 39,325,088	\$ 39,148,174	\$ 661,165
Unearned revenues	15,600	-	15,600	-
Due to cooperative extension	81,140	59,405	80,555	59,990
Total liabilities	<u>\$ 580,991</u>	<u>\$ 39,384,493</u>	<u>\$ 39,244,329</u>	<u>\$ 721,155</u>

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Supplemental Financial Data

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ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
JUNE 30, 2010

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2009</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2010</u>
2009-2010	\$ -	\$ 133,475,926	\$ 131,642,477	\$ 1,833,449
2008-2009	1,598,078	-	1,185,307	412,771
2007-2008	497,983	-	289,424	208,559
2007 and prior	1,564,475	-	65,698	1,498,777
Total	<u>\$ 3,660,536</u>	<u>\$ 133,475,926</u>	<u>\$ 133,182,906</u>	<u>3,953,556</u>
Less: Allowance for uncollectible accounts				<u>(1,647,567)</u>
Ad valorem taxes receivable, net				<u>\$ 2,305,989</u>
Reconciliation with Revenues:				
Taxes - Ad Valorem - General Fund				\$ 132,991,641
Reconciling items:				
Releases and adjustments				<u>191,265</u>
Total collections and credits				<u>\$ 133,182,906</u>

ORANGE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2010

	Property Valuation**	Rate Per \$100	Total Adjusted Levy*	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 15,195,048,522	0.00858	\$ 130,589,041	\$ 126,078,003	\$ 4,511,038
Motor vehicles taxed at prior year rate	283,674,944	0.00858	2,831,286	-	2,831,286
Late list penalties	45,928		45,928	45,928	-
Lien advertisement	<u>9,671</u>		<u>9,671</u>	<u>9,671</u>	<u>-</u>
Total	<u>15,478,779,065</u>		133,475,926	126,133,602	7,342,324
Uncollected taxes at June 30, 2010			<u>1,833,449</u>	<u>1,253,174</u>	<u>580,275</u>
Current Year's Taxes Collected			<u>\$ 131,642,477</u>	<u>\$ 124,880,428</u>	<u>\$ 6,762,049</u>
Current Levy Collection Percentage			<u>98.63%</u>	<u>99.01%</u>	<u>92.10%</u>

* Total adjusted levy includes discoveries and abatements.

**Property tax valuation prior to the discoveries and abatements

Statistical Section

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

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

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

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

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

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

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

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ORANGE COUNTY, NORTH CAROLINA

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

	2010	2009	2008	2007 (As Restated)	2006 (As Restated)	2005 (As Restated)	2004 (As Restated)	2003 (As Restated)
Governmental activities								
Invested in capital assets, net of related debt	\$ 31,659,037	\$ 15,390,929	\$ 10,104,943	\$ 25,802,378	\$ 8,323,542	\$ (2,329,884)	\$ 6,033,496	\$ 3,363,763
Restricted:								
Capital assets	-	-	-	-	22,521,235	-	500,511	20,122,226
Other purposes	-	-	-	-	-	-	-	1,392,207
Unrestricted	(11,365,405)	(116,043,276)	(118,028,841)	(107,189,190)	(112,977,847)	(71,473,372)	(79,627,592)	(90,754,566)
Total governmental activities net assets	\$ 20,293,632	\$ (100,652,347)	\$ (107,923,898)	\$ (81,386,812)	\$ (82,133,070)	\$ (73,803,256)	\$ (73,093,585)	\$ (65,876,370)
Business-type activities								
Invested in capital assets, net of related debt	\$ 7,762,990	\$ 7,932,387	\$ 6,705,214	\$ 3,363,225	\$ 5,334,757	\$ 5,331,054	\$ 6,034,422	\$ 6,728,112
Unrestricted	(557,826)	1,459,512	4,279,258	3,566,096	1,595,064	812,996	(582,170)	(187,000)
Total business-type activities net assets	\$ 7,205,164	\$ 9,391,899	\$ 10,984,472	\$ 6,929,321	\$ 6,929,821	\$ 6,144,050	\$ 5,452,252	\$ 6,541,112
Primary government								
Invested in capital assets, net of related debt	\$ 39,422,027	\$ 23,323,316	\$ 16,810,157	\$ 29,165,603	\$ 13,658,299	\$ 3,001,170	\$ 12,067,918	\$ 10,091,875
Restricted:								
Capital assets	-	-	-	-	22,521,235	-	500,511	20,122,226
Other purposes	-	-	-	-	-	-	-	1,392,207
Unrestricted	(11,923,231)	(114,583,764)	(113,749,583)	(103,623,094)	(111,382,783)	(70,660,376)	(80,209,762)	(90,941,566)
Total primary government net assets	\$ 27,498,796	\$ (91,260,448)	\$ (96,939,426)	\$ (74,457,491)	\$ (75,203,249)	\$ (67,659,206)	\$ (67,641,333)	\$ (59,335,258)

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

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

ORANGE COUNTY, NORTH CAROLINA

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

	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:								
Governmental activities:								
Governing and management	\$ 23,366,641	\$ 10,816,693	\$ 14,898,928	\$ 10,364,753	\$ 9,013,179	\$ 11,633,062	\$ 11,581,882	\$ 7,984,601
General services	6,826,209	18,730,842	12,422,454	11,404,059	10,371,173	10,095,265	8,168,947	9,447,392
Community and environment	12,726,270	10,932,997	20,065,425	9,922,055	9,078,254	8,939,210	9,893,926	8,022,768
Human services	33,011,737	37,604,903	38,842,566	34,318,247	33,499,003	32,558,212	29,540,568	28,075,210
Education	66,641,699	74,276,350	86,812,048	85,157,632	82,853,757	58,910,220	61,463,034	62,967,519
Public safety	21,796,091	20,166,400	23,399,912	20,546,205	18,278,983	16,685,076	15,781,817	14,462,403
Culture and recreation	1,007,304	3,751,394	3,191,198	3,245,515	2,508,464	2,430,733	1,918,031	1,538,918
Interest on long-term debt	10,495,788	9,539,848	10,501,289	8,290,604	7,526,775	6,508,674	6,766,691	6,480,482
Total governmental activities expenses	175,871,739	185,819,427	210,133,800	183,249,070	173,129,588	147,760,452	145,114,896	138,979,293
Business-Type activities:								
Landfill	11,216,161	10,036,966	8,342,749	6,560,515	6,691,328	5,766,797	5,456,187	4,722,846
Sewer	305,171	269,822	193,535	209,020	181,329	177,477	237,150	921,655
SportsPlex	2,937,975	3,145,593	2,800,482	2,721,368	1,322,837	-	-	-
Total business-type activities expenses	14,459,307	13,452,381	11,336,766	9,490,903	8,195,494	5,944,274	5,693,337	5,644,501
Total primary government expenses	190,331,046	199,271,808	221,470,566	192,739,973	181,325,082	153,704,726	150,808,233	144,623,794
Revenues:								
Governmental activities:								
Program revenues:								
Charges for services	11,926,481	11,707,014	12,233,135	13,340,016	11,926,850	10,861,457	10,747,239	10,409,508
Operating grants and contributions	25,180,675	23,255,128	23,447,199	23,514,334	21,785,974	20,838,946	19,304,008	19,075,713
Capital grants and contributions	4,270,546	5,900,817	1,648,654	3,857,083	26,673	953,634	60,068	-
General revenues:								
Property taxes	137,966,129	130,773,568	122,093,823	114,240,169	103,277,416	91,186,353	84,879,390	80,396,482
Other taxes	15,441,100	19,736,772	24,058,200	23,319,221	21,795,500	20,448,762	19,138,144	16,555,551
Other	(367,213)	2,222,054	2,340,763	3,724,713	4,903,090	2,966,288	2,446,239	2,963,720
Total governmental activities program revenues	194,417,718	193,595,353	185,821,774	181,995,536	163,715,503	147,257,440	136,575,088	129,400,974

ORANGE COUNTY, NORTH CAROLINA

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

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

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

ORANGE COUNTY, NORTH CAROLINA

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

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

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

Table 3

	2006	2005	2004	2003	2002	2001
\$	114,036	\$ 82,251	\$ 83,803	\$ 118,188	\$ 81,805	\$ 76,959
	847,979	624,561	628,551	646,232	518,925	619,089
	7,956,752	6,905,033	7,649,826	6,775,510	6,524,159	6,188,956
	8,918,767	7,611,845	8,362,180	7,539,930	7,124,889	6,885,004
	-	-	1,714,451	2,099,108	2,666,008	3,591,596
	15,452,551	13,548,885	10,879,392	12,329,134	11,641,260	13,528,396
	15,452,551	13,548,885	12,593,843	14,428,242	14,307,268	17,119,992
	24,371,318	21,160,730	20,956,023	21,968,172	21,432,157	24,004,996
	7,635,847	2,733,971	1,652,432	1,090,126	402,278	868,570
	495,693	1,366,199	825,530	903,919	1,220,742	251,463
	8,131,540	4,100,170	2,477,962	1,994,045	1,623,020	1,120,033
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	33,120,947	17,882,591	5,468,041	19,710,687	16,162,771	28,976,597
	2,300,707	2,794,179	3,718,401	7,059,332	7,971,884	-
	3,936,389	2,277,472	2,583,290	1,880,657	2,903,358	2,942,492
	39,358,043	22,954,242	11,769,732	28,650,676	27,038,013	31,919,089
	47,489,583	27,054,412	14,247,694	30,644,721	28,661,033	33,039,122
\$	71,860,901	\$ 48,215,142	\$ 35,203,717	\$ 52,612,893	\$ 50,093,190	\$ 57,044,118

ORANGE COUNTY, NORTH CAROLINA

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

	2010	2009	2008	2007
Revenues				
Property taxes	\$ 137,768,671	\$ 131,799,145	\$ 122,740,765	\$ 114,817,041
Sales tax	15,441,100	18,814,450	23,318,982	22,636,962
Intergovernmental revenues	27,776,901	29,155,945	25,095,853	27,371,417
Charges for services	10,386,667	9,639,871	9,930,526	10,560,926
Investment earnings	125,672	793,690	3,490,123	3,523,274
Licenses and permits	328,216	363,594	354,569	332,545
Impact fees	1,214,819	1,238,494	1,504,522	2,020,400
Miscellaneous	2,519,964	1,839,989	913,489	994,820
Total revenues	<u>195,562,010</u>	<u>193,645,178</u>	<u>187,348,829</u>	<u>182,257,385</u>
Expenditures				
Current:				
Governing and management	13,454,030	9,451,313	8,809,336	7,765,185
General services	9,450,070	12,911,229	10,807,804	10,597,332
Community and environment	12,314,548	10,232,393	9,904,764	9,533,076
Human services	34,048,520	35,910,264	35,132,231	33,848,886
Education	63,048,729	64,722,715	60,385,461	56,993,744
Public safety	20,810,410	20,926,310	20,285,768	19,786,208
Culture and recreation	1,790,199	3,322,213	3,114,616	3,156,900
Capital outlay	33,204,669	38,607,718	58,704,637	38,967,226
Debt Service:				
Principal	17,180,037	17,038,179	15,258,741	14,588,007
Interest	8,634,932	9,170,485	9,462,709	8,114,118
Issuance costs	-	-	-	-
Total expenditures	<u>213,936,144</u>	<u>222,292,819</u>	<u>231,866,067</u>	<u>203,350,682</u>
Excess of revenues				
Over (Under) expenditures	<u>(18,374,134)</u>	<u>(28,647,641)</u>	<u>(44,517,238)</u>	<u>(21,093,297)</u>
Other financing sources (uses)				
Bonds issuance	1,762,954	-	-	-
Refunding issuance	22,455,000	-	-	-
Refunding issue costs	-	-	-	-
Payments to escrow agent - refunding	(24,021,358)	-	-	-
Installment loans issuance	4,136,434	38,700,000	-	59,057,000
Capital leases issuance	-	562,617	-	-
Transfers in	14,606,087	14,070,320	10,688,569	11,791,989
Transfers out	(15,600,987)	(14,641,700)	(12,754,594)	(12,598,789)
Total other financing sources (uses)	<u>3,338,130</u>	<u>38,691,237</u>	<u>(2,066,025)</u>	<u>58,250,200</u>
Net change in fund balances	<u>\$ (15,036,004)</u>	<u>\$ 10,043,596</u>	<u>\$ (46,583,263)</u>	<u>\$ 37,156,903</u>
Debt service as a percentage of noncapital expenditures	<u>14.28%</u>	<u>13.38%</u>	<u>15.05%</u>	<u>13.63%</u>

Table 4

2006	2005	2004	2003	2002	2001
\$ 103,650,756	\$ 91,786,364	\$ 85,404,401	\$ 80,884,567	\$ 76,643,685	\$ 71,687,783
21,176,362	19,786,266	18,589,763	15,985,224	14,753,323	14,452,882
22,346,834	22,438,641	19,364,076	19,075,713	19,436,552	18,963,075
9,754,878	8,232,327	6,697,791	6,632,968	5,719,317	5,178,189
3,683,113	1,101,586	396,143	626,991	1,642,448	4,019,039
268,571	256,850	1,360,384	1,181,198	1,222,652	974,996
1,864,897	2,372,280	2,689,064	2,595,342	2,919,018	3,016,455
1,253,232	1,314,884	2,048,802	2,335,503	1,548,606	1,610,563
163,998,643	147,289,198	136,550,424	129,317,506	123,885,601	119,902,982
7,060,610	6,315,396	5,081,203	4,600,241	4,468,943	3,838,932
9,976,728	9,703,326	9,341,406	9,447,392	8,217,366	7,633,532
8,964,634	9,040,677	8,769,698	7,999,562	7,862,114	7,168,150
32,512,567	31,463,036	30,416,726	28,098,416	27,041,595	24,992,041
52,271,554	48,752,268	46,461,682	44,150,357	43,008,464	40,493,653
17,549,051	16,202,310	15,699,015	14,367,523	13,483,924	12,192,004
2,444,132	2,329,396	1,918,031	1,538,918	1,419,207	1,348,475
36,887,563	19,615,281	20,903,526	24,427,047	35,175,797	36,108,860
13,236,904	11,066,814	10,276,402	9,767,002	8,795,743	7,231,228
6,758,565	6,889,640	6,780,803	6,315,632	6,575,108	6,294,775
334,964	22,393	2,000	126,583	230,351	-
187,997,272	161,400,537	155,650,492	150,838,673	156,278,612	147,301,650
(23,998,629)	(14,111,339)	(19,100,068)	(21,521,167)	(32,393,011)	(27,398,668)
29,185,000	25,140,000	-	19,175,000	15,344,129	-
29,365,000	-	-	22,815,000	-	-
(1,590,000)	-	-	2,037,715	-	-
(27,775,000)	-	-	(24,726,132)	-	-
17,685,000	1,820,506	378,300	4,614,276	2,255,628	14,433,992
1,215,255	-	-	-	-	-
12,111,856	8,782,469	11,764,671	8,376,157	7,790,462	13,268,172
(12,552,723)	(8,622,211)	(11,718,101)	(8,261,148)	(7,171,242)	(12,804,933)
47,644,388	27,120,764	424,870	24,030,868	18,218,977	14,897,231
\$ 23,645,759	\$ 13,009,425	\$ (18,675,198)	\$ 2,509,701	\$ (14,174,034)	\$ (12,501,437)
13.23%	12.68%	12.66%	12.72%	12.69%	12.16%

ORANGE COUNTY, NORTH CAROLINA

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

Fiscal Year	Real Property	Personal Property	Public-Service Companies	Less Tax-Exempt Property
2001	\$ 6,153,059,801	\$ 1,003,565,338	\$ 207,177,982	\$ 19,681,025
2002	7,848,287,505	1,062,765,496	215,042,038	19,624,146
2003	8,163,921,473	1,100,233,638	215,976,206	34,248,473
2004	8,482,244,767	1,092,264,074	212,895,468	32,222,193
2005	8,794,192,326	1,115,514,805	208,965,580	34,545,769
2006	10,321,040,868	1,322,278,025	211,531,245	40,113,991
2007	10,936,261,416	1,214,967,577	218,479,438	39,393,242
2008	11,183,241,007	1,219,216,812	218,549,070	39,786,610
2009	11,423,377,444	1,214,725,067	226,279,680	44,144,633
2010	14,131,248,011	1,234,045,107	233,399,929	59,956,991

Source: Annual County Report of Valuation and Property Tax Levies.

Table 5

Total Assessed Value	Total Direct Tax Rate	Estimated Actual Market Value	Assessed Value as a Percent of Actual Value
\$ 7,344,122,096	0.805	\$ 8,869,914,624	82.80%
9,106,470,893	0.830	9,425,037,149	96.62%
9,445,882,844	0.845	10,476,799,960	90.16%
9,755,182,116	0.880	11,040,124,876	88.36%
10,084,126,942	0.843	12,037,873,871	83.77%
11,814,736,147	0.843	12,445,034,661	94.94%
12,330,315,189	0.903	13,740,043,669	89.74%
12,581,220,279	0.950	14,977,643,189	84.00%
12,820,237,558	0.998	15,577,445,392	82.30%
15,538,736,056	0.858	18,091,437,950	85.89%

ORANGE COUNTY, NORTH CAROLINA

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

	2010	2009	2008	2007
Orange County	0.0858	0.9980	0.9500	0.9030
Municipality rates:				
Chapel Hill	0.4940	0.5810	0.5220	0.5220
Carrboro	0.5894	0.6863	0.6537	0.6244
Hillsborough	0.6200	0.6700	0.6350	0.6200
Mebane	0.4700	0.4700	0.5000	0.5000
Fire districts:				
Cedar Grove	0.07360	0.07300	0.07300	0.07300
Chapel Hill	0.07500	0.04900	0.01900	0.01900
Damascus	0.06000	0.06000	0.05000	0.04000
Efland	0.04600	0.05225	0.04225	0.04225
Eno	0.05990	0.05700	0.05700	0.05700
Little River	0.04060	0.04600	0.04600	0.04600
New Hope	0.06950	0.06750	0.06750	0.06750
Orange Grove	0.05800	0.04200	0.03900	0.03900
Orange Rural	0.06360	0.06300	0.05600	0.05600
South Orange	0.07850	0.09500	0.04000	0.04000
Southern Triangle	0.05000	0.06000	0.05000	0.04000
White Cross	0.06000	0.06000	0.05000	0.04200
Chapel Hill-Carrboro School District	0.18840	0.23000	0.20350	0.18850

Source: Orange County Tax Assessor Office

Table 6

2006	2005	2004	2003	2002	2001
0.8430	0.8800	0.8450	0.8300	0.8050	0.9190
0.5220	0.5750	0.5530	0.5530	0.5040	0.5630
0.6244	0.7148	0.6852	0.6852	0.6568	0.6750
0.5660	0.6200	0.6200	0.6200	0.6000	0.5700
0.5000	0.5000	0.4700	0.4700	0.4700	0.4200
0.0730	0.0730	0.0730	0.0730	0.0730	0.0630
0.0190	0.0200	0.0200	0.0200	0.0200	0.0250
0.0260	0.0300	0.0300	0.0260	0.0260	0.0300
0.0348	0.0465	0.0375	0.0285	0.0285	0.0300
0.0570	0.0640	0.0640	0.0440	0.0440	0.0510
0.0460	0.0520	0.0450	0.0450	0.0450	0.0465
0.0625	0.0650	0.0650	0.0500	0.0500	0.0515
0.0340	0.0390	0.0390	0.0390	0.0390	0.0440
0.0560	0.0510	0.0510	0.0460	0.0460	0.0400
0.0920	0.0920	0.0920	0.0785	0.0850	0.0880
0.0260	0.0300	0.0300	0.0260	0.0260	0.0300
0.0420	0.0480	0.0480	0.0480	0.0480	0.0580
0.1834	0.2000	0.2000	0.1920	0.2020	0.2200

ORANGE COUNTY, NORTH CAROLINA

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

	2010				2000			
	Taxpayer	Type of Business	Percentage of		Percentage of		Rank	Rank
			Assessed Valuation	Total Assessed Valuation	Assessed Valuation	Total Assessed Valuation		
Duke Energy	Public utility	\$ 94,869,266	0.61%	\$ 76,220,121	0.61%	1	1	1.04%
VAC Limited Partnership	Apartment rental	59,897,913	0.39%	48,985,375	0.39%	2	3	0.67%
US CT LLC	Property owners trust	50,006,530	0.32%	32,059,685	0.32%	3	6	0.44%
Piedmont Electric Membership	Public utility	45,741,871	0.29%		0.29%	4		
Blue Cross Blue Shield	Insurance provider	35,399,117	0.23%	60,998,179	0.23%	5	2	0.83%
Corium LLC	Insurance provider	35,064,768	0.23%		0.23%	6		
Madison University Mall Properties	Retail	34,208,856	0.22%	19,813,266	0.22%	7	8	0.27%
Bell South	Public utility	30,519,455	0.20%	36,765,370	0.20%	8	5	0.50%
Europa Center LLC	Hotel	27,665,143	0.18%		0.18%	9		
DDRM Meadowmont Village Center LLC	Real estate	25,068,256	0.16%		0.16%	10		
Elizabeth Kenan Trustee	Property owners trust			45,995,352			4	0.62%
Chapel Hill Residential Retirement Ctr	Retirement facility			28,227,361			7	0.38%
General Electric Company	Manufacturer			18,953,011			9	0.26%
Armstrong	Manufacturer			17,899,398			10	0.24%
		\$ 438,441,175		\$ 385,917,118	2.83%			5.25%

Source: Orange County Tax Assessor.

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ORANGE COUNTY, NORTH CAROLINA

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

Tax Year	Year Ended June 30,	Current* Adjusted Tax Levy	Current Years' Levy Collections	Percentage Collected	Prior Years' Levy Collections
2000	2001	\$ 80,576,790	\$ 79,356,027	98.48%	\$ 1,121,114
2001	2002	87,980,261	86,794,380	98.65%	996,708
2002	2003	92,190,830	90,917,919	98.62%	1,069,986
2003	2004	82,444,007	81,398,098	98.73%	973,082
2004	2005	88,749,583	87,687,321	98.80%	952,448
2005	2006	100,374,499	99,271,419	98.90%	954,076
2006	2007	111,171,556	110,014,826	98.96%	1,053,864
2007	2008	119,467,330	117,907,855	98.69%	984,746
2008	2009	127,813,510	126,215,432	98.75%	1,282,847
2009	2010	133,475,926	131,642,477	98.63%	1,540,429

*Tax levy includes special districts

Table 8

Total Collections During Year		Percent of Total Collections to Adjusted Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Adjusted Tax Levy
\$	80,477,141	99.88%	\$ 2,400,709	2.98%
	87,791,088	99.78%	2,512,868	2.86%
	91,987,905	99.78%	2,629,499	2.85%
	82,371,180	99.91%	2,464,989	2.99%
	88,639,769	99.88%	2,455,230	2.77%
	100,255,495	99.88%	2,711,245	2.70%
	111,068,690	99.91%	2,774,093	2.50%
	118,892,601	99.52%	3,293,772	2.76%
	127,498,279	99.75%	3,660,536	2.86%
	133,182,906	99.78%	3,953,556	2.96%

ORANGE COUNTY, NORTH CAROLINA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				General Obligation Bonds
	General Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases	
2001	\$ 90,030,000	\$ -	\$ 34,821,659	\$ 15,454	\$ -
2002	102,255,000	-	31,403,649	10,768	-
2003	113,935,000	-	32,559,707	5,776	-
2004	107,585,000	-	28,610,895	70,366	-
2005	125,810,000	-	24,565,678	2,107,612	-
2006	148,175,000	-	37,878,032	2,765,956	-
2007	139,215,000	-	92,219,561	1,849,471	-
2008	130,290,000	-	86,838,352	903,355	-
2009	121,415,000	-	113,038,877	2,382,346	-
2010	112,520,000	-	109,163,100	2,049,520	-

*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 2009 personal income not available to calculate fiscal year 2010.

Table 9

Business-Type Activities			Total Primary	Percentage of	
Revenue Bonds	Installment Loans	Capital Leases	Government	Personal Income (1)	
				Per Capita (1)	
\$ -	\$ -	\$ -	\$ 124,867,113	\$ 1,032	3.48%
-	-	-	133,669,417	1,085	3.52%
-	1,365,043	-	147,865,526	1,179	3.81%
-	1,094,886	613,794	137,974,941	1,083	3.54%
-	836,342	1,152,360	154,471,992	1,200	3.75%
-	6,570,860	1,233,830	196,623,678	1,527	2.37%
-	6,013,542	1,676,173	240,973,747	1,927	4.76%
-	5,419,895	1,147,582	224,599,184	1,763	3.82%
-	8,634,353	1,442,894	246,913,470	1,881	N/A
-	8,147,895	1,004,725	232,885,240	1,759	*

ORANGE COUNTY, NORTH CAROLINA

Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding		
	General Obligation Bonds	Revenue Bonds	Total
2001	\$ 90,030,000	\$ -	\$ 90,030,000
2002	102,255,000	-	102,255,000
2003	113,955,222	-	113,955,222
2004	107,585,000	-	107,585,000
2005	125,810,000	-	125,810,000
2006	148,175,000	-	148,175,000
2007	130,255,000	-	130,255,000
2008	130,290,000	-	130,290,000
2009	121,415,000	-	121,415,000
2010	1,125,250,000	-	1,125,250,000

*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 2009 personal income not available to calculate fiscal year 2009.

(2) See Table 5 for property value data.

Table 10

Percentage of Personal Income (1)	Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
2.51%	1.02%	\$ 744
2.69%	1.08%	830
2.94%	1.09%	909
2.76%	0.97%	844
3.05%	1.05%	977
3.15%	1.19%	1,151
2.57%	1.13%	1,113
2.39%	1.04%	1,023
N/A	0.95%	926
*	0.72%	850

ORANGE COUNTY, NORTH CAROLINA

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

	2010	2009	2008	2007
Assessed value of property	\$ 15,538,736	\$ 12,820,238	\$ 12,581,220	\$ 12,330,315
Debt limit, 8% of assessed value (statutory limitation)	1,243,099	1,025,619	1,006,498	986,425
Amount of debt applicable to limit:				
Gross debt	232,885.00	224,599	224,599	240,974
Less:				
Amount available for repayment of general obligation bonds	-	-	-	-
Debt outstanding for water and sewer purposes	-	-	-	-
Revenue bonds	-	-	-	-
Total net debt applicable to limit	232,885.00	224,599	224,599	240,974
Legal debt margin	\$ 1,010,214	\$ 801,020	\$ 781,899	\$ 745,451
Total net debt applicable to limit as a percentage of debt limit	18.73%	21.90%	22.31%	24.47%

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.

Table 11

2006	2005	2004	2003	2002	2001
\$ 11,597,244	\$ 10,084,127	\$ 9,735,182	\$ 9,445,863	\$ 9,106,471	\$ 7,363,603
927,780	806,730	778,815	755,669	728,518	589,088
196,624	154,472	137,975	147,866	133,669	124,867
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
196,624	154,472	137,975	147,866	133,669	124,867
\$ 731,156	\$ 652,258	\$ 640,840	\$ 607,803	\$ 594,849	\$ 464,221
21.19%	19.15%	17.72%	19.57%	18.35%	21.20%

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ORANGE COUNTY, NORTH CAROLINA

Direct and Overlapping Governmental Activities Debt (Unaudited) As of June 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Municipalities:			
Town of Chapel Hill	\$ 49,176,394.00	100%	\$ 49,176,394.00
Town of Hillsborough	10,495,785	100%	10,495,785
Town of Carrboro	9,650,641	100%	9,650,641
City of Durham	396,227,791	3%	11,886,834
Town of Mebane	10,814,504	30%	3,244,351
Total direct debt			476,365,115
Total direct and overlapping debt			<u>\$ 560,819,120</u>

Source: Finance Officers of above listed municipalities.

ORANGE COUNTY, NORTH CAROLINA

Demographic and Economic Statistics Last Ten Fiscal Years (Unaudited)

Year	Population (1)	Personal Income (2) (Thousands of Dollars)	Per Capita Personal Income (2)	Median Age
2001	118,376	\$ 3,583,041	\$ 30,238	30.78
2002	119,376	3,800,280	30,238	30.40
2003	120,168	3,877,363	30,238	30.40
2004	120,644	3,902,027	31,900	31.71
2005	122,052	4,122,336	33,375	32.60
2006	123,766	4,667,922	34,182	32.41
2007	125,046	5,060,894	35,191	32.20
2008	127,344	5,450,187	35,229	32.15
2009	131,123	5,976,341	35,084	33.20
2010	132,386	*	47,063	33.00

*Information not yet available.

Notes:

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

Table 13

Public Schools Enrollment (3)	Unemployment Rate (4)	Number of Building Inspections Performed (5)
16,121	1.3%	2,994
16,527	3.3%	2,106
16,590	3.4%	1,945
17,349	3.0%	2,047
17,532	3.6%	2,153
17,641	3.4%	2,402
18,530	3.3%	1,745
18,580	3.2%	1,965
18,696	6.3%	1,573
18,552	6.6%	1,215

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ORANGE COUNTY, NORTH CAROLINA

Principal Employers Current Year and Ten Years Ago (Unaudited)

Employer	2010			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
UNC-Chapel Hill	12,935.00	1	20.02%	10,151	1	15.93%
UNC Hospitals	7,825.00	2	12.26%	5,855	2	9.19%
Chapel Hill Carrboro City Schools	2,196.00	3	3.44%	1,580	4	2.48%
Blue Cross Blue Shield	1,239.00	4	1.94%	2,700	3	4.24%
Orange County Schools	1,224.00	5	1.92%	907	5	1.42%
Orange County Government	942.00	6	1.48%	680	8	1.07%
Town of Chapel Hill	884.00	7	1.39%	747	7	1.17%
HRR Prime LLC	531.00	8	0.83%	437	10	0.68%
Harris Teeter, Inc	519.00	9	0.81%	497	9	0.78%
General Electric Corporation	403.00	10	0.64%			
Food Lion				750	6	1.17%

Source: Orange County Economic Development Commission, Employment Security Commission

ORANGE COUNTY, NORTH CAROLINA

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

Function/Program	2010	2009	2008	2007	2006
Government and management	109.80	74.20	58.00	60.00	60.00
General services	84.80	123.40	101.00	113.60	114.20
Community and environment	87.60	55.55	55.00	53.00	48.50
Human services	325.40	318.60	287.00	299.10	294.30
Public safety	227.20	223.40	214.80	206.00	202.50
Culture and recreation	24.03	49.25	31.60	32.60	31.10
Solid Waste Enterprise	51.40	44.40	55.00	40.00	43.00
Total	910.23	888.80	802.40	804.30	793.60

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.

Table 15

2005	2004	2003	2002	2001
53.00	35.80	35.80	35.80	35.80
114.20	112.60	110.40	110.40	109.40
48.50	49.00	44.00	44.00	44.00
301.40	287.50	286.44	285.44	274.97
202.50	202.50	194.50	176.50	172.50
31.10	30.10	30.10	29.10	25.60
43.00	43.00	38.00	34.00	-
793.70	760.50	739.24	715.24	662.27

ORANGE COUNTY, NORTH CAROLINA

Operating Indicators by Function Last Seven Fiscal Years (Unaudited)

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

Source: Orange County Finance Department and the Orange County School system.

ORANGE COUNTY, NORTH CAROLINA

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

Function/Program	2008	2009	2010
Human Services:			
Public health occupied square footage	18,400	18,400	18,400
Social services occupied square footage	24,584	24,584	27,595
Cooperative extension occupied square footage	4,986	4,986	4,986
Number of centers	12	13	13
Public Safety:			
Number of law enforcement vehicles	118	111	125
Number of emergency services vehicles	42	38	38
Number of animal control vehicles	8	8	8
Detention capacity	129	129	129
Culture and Recreation:			
Libraries - branches	4	4	5
Volume of library books	253,484	278,488	271,066
Education:			
Number of schools	29	29	29

Source: Orange County Finance Department and the Orange County School system.

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Compliance Section

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

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

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based on an Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Board of County Commissioners
Orange County, North Carolina

We have audited the basic 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, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 11, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Orange County ABC Board, as described in our report on Orange County's financial statements. The financial statements of the Orange County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We also noted certain matters that we reported to management of Orange County in a separate letter dated November 11, 2010.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 11, 2010

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

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

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

To the Board of Commissioners
Orange County, North Carolina

Compliance

We have audited Orange County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Orange County's major federal programs for the year ended June 30, 2010. Orange County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Orange County's management. Our responsibility is to express an opinion on Orange County's compliance based on our audit.

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

In our opinion, Orange County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
November 11, 2010

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

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

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

To the Board of Commissioners
Orange County, North Carolina

Compliance

We have audited Orange County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Orange County's major State programs for the year ended June 30, 2010. Orange County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of Orange County's management. Our responsibility is to express an opinion on Orange County's compliance based on our audit.

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

In our opinion, Orange County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
November 11, 2010

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

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

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

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

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

Identification of major federal programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program
93.558	Subsidized Childcare Cluster
93.596	
93.575	
93.667	
14.871	Section 8 Housing Vouchers
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B Programs: \$2,693,409

Auditee qualified as low-risk auditee? _____ Yes X No

ORANGE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

Finding 2009-1 – resolved in the current year

Finding 2009-2 – resolved in the current year

Finding 2009-3 – resolved in the current year

Finding 2009-4 – resolved in the current year

Finding 2009-5 – resolved in the current year

Finding 2009-6 – resolved in the current year

Finding 2009-7 – resolved in the current year

Finding 2009-8 – resolved in the current year

Finding 2009-9 – resolved in the current year

Finding 2009-10 – resolved in the current year

Finding 2009-11 – resolved in the current year

Finding 2009-12 – resolved in the current year

Finding 2009-13 – resolved in the current year

Finding 2009-14 – resolved in the current year

Finding 2009-15 – resolved in the current year

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
Federal Awards:				
U. S. Department of Agriculture:				
Direct Program:				
Soil And Water Conservation	10.902	\$ 59,350	\$ -	\$ 113,586
Passed-Through N. C. Department of Health and Human Services:				
Division of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, & Children (WIC)	10.557	1,110,572	-	-
Division of Social Services:				
Supplemental Nutrition Assistance Program (SNAP):				
SNAP Administration	10.561	694,738	-	-
SNAP Fraud Admin	10.561	58,974	-	-
SNAP Service Recovery	10.561	73,413	-	-
SNAP E&T & Depend Care	10.561	10,974	-	-
Total Food Stamp Cluster		<u>838,099</u>	-	-
Total U. S. Department of Agriculture		<u>2,008,021</u>	-	<u>113,586</u>
U. S. Department of Housing and Urban Development:				
Direct Programs:				
Lower Income Housing Assistance:				
Section 8 Housing Choice Vouchers	14.871	4,258,781	-	-
Home Investment Partnership Program	14.239	1,433,741	-	-
Cooperative Fair Housing Assistance Program	14.401	30,634	-	-
Home Visiting Grant	14.415	63,348	-	-
Passed-Through N.C. Department of Commerce:				
Division of Community Assistance:				
Individual Deposit Accounts	14.251	3,750	-	-
Total U. S. Department of Housing and Urban Development		<u>5,790,254</u>	-	-
U. S. Department of Justice - Office of Justice Programs:				
Passed-through N.C. Department of Justice:				
COPS Technology	16.580	268,378	-	-
Justice Assistance Grant	16.738	178,773	-	-
Total U. S. Department of Justice		<u>447,151</u>	-	-
U. S. Department of Transportation:				
Passed-Through N.C. Department of Transportation:				
Rural Capital Program Rural Capital Program	20.509	115,371	-	-
Total U. S. Department of Transportation		<u>115,371</u>	-	-
U.S. Environmental Protection Agency:				
National Pollutant Discharge Elimination System	66.463	80,700	-	-
U. S. Department of Health and Human Services:				
Passed-Through N.C. Department of Health and Human Services or Triangle J Council of Governments or Administration for Children and Families:				
Division of Aging and Adult Services:				
Development Aging Cluster:				
Grants for Supportive Services and Senior Centers	93.044	100,999	-	784,034
National Family Caregiver Support	93.052	55,792	-	-
Division of Child Development:				
Subsidized Child Care Cluster:				
Child Care Development Fund-Administration	93.596	197,433	-	-
Child Care and Development Fund - Discretionary	93.575	2,332,881	-	-
Child Care and Development Fund - Mandatory	93.596	471,946	-	-
Child Care and Development Fund - Match	93.596	343,303	184,847	-
Total Child Care Cluster		<u>3,345,563</u>	<u>184,847</u>	-

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
Social Services Block Grant	93.667	65,089	-	-
Temporary Assistance for Needy Families	93.558	722,775	-	-
State Appropriations		-	489,380	-
TANF-MOE		-	419,966	-
Total Subsidized Child Care Cluster		<u>4,133,427</u>	<u>1,094,193</u>	<u>-</u>
Division of Medical Assistance:				
Medical Assistance Cluster:				
Medical Assistance Program - direct benefit payments	93.778	68,966,434	23,996,234	17,020
Medical Assistance Program - direct benefit payments ARRA	93.778 - ARRA	80,048	(74,081)	(5,967)
Adult Care Home Case Management	93.778	58,427	27,956	30,470
Medicaid Expansion	93.778	10,102	10,102	-
Medical Assistance Administration	93.778	1,103,946	-	1,103,946
Medical Transportation Services	93.778	114,271	84,434	29,837
Total Medical Assistance Cluster		<u>70,333,228</u>	<u>24,044,645</u>	<u>1,175,306</u>
Division of Public Health:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1,776	-	-
Family Planning	93.217	24,370	-	409,371
Immunization Program/Aid to County Funding	93.268	233,072	-	162,323
Prevention Investigations and Technical Assistance	93.283	18,468	-	77,099
Temporary Assistance for Needy Families	93.558	3,275	-	45,370
CCDBG - Discretionary	93.575	49,825	-	10,853
ARRA- Immunizations	93.712	44,273	-	-
Medical Assistance Program	93.778	49,825	-	295,496
HIV State Funds - Sexually Transmitted Diseases				
Communicable Disease Expansion Budget	93.940	31,000	-	183,810
Statewide Health Promotion Program	93.991	15,261	-	92,293
Maternal and Child Health Services Block Grant	93.994	202,143	-	1,230,045
Total Division of Public Health		<u>673,288</u>	<u>-</u>	<u>2,506,660</u>
Division of Social Services:				
Social Services Block Grant	93.667	289,925	22,010	103,978
Social Services Block Grant - In Home Services	93.667	72,053	-	10,243
Social Services Block Grant - Adult Daycare	93.667	2,335	-	333
Social Services Block Grant - Adult Daycare	93.667	-	1,774	253
Family Preservation	93.556	4,674	-	-
TANF-Domestic Violence	93.558	20,351	-	-
TANF - Work First Functional Assessment	93.558	9,745	-	-
TANF- Work First Admin	93.558	171,395	-	182,935
TANF- Work First Service	93.558	965,659	-	1,328,416
TANF - Work First Benefits	93.558	26,669	-	-
TANF- Payments & Penalties	93.558	701,957	-	-
TANF- Special Children Adoption	93.558	22,500	-	-
TANF- ARRA	93.714	156,223	-	-
AFDC Payments & Penalties	93.560	(237)	(65)	(65)
Crisis Intervention Payments	93.568	420,272	-	-
Low Income Energy Administration	93.568	78,123	-	-
Energy Assistance Payment	93.568	354,587	-	-
Refugee Assistance Payment	93.566	19,187	-	-
Permanency Planning - Regular	93.645	29,066	10,476	-
Permanency Planning - Spec	93.645	8,139	-	2,713
NC Health Choice	93.767	39,439	3,062	9,734
Independent Living - LINKS	93.674	23,966	-	-
Links	93.674	22,520	5,630	-
IV-D Administration	93.563	116,449	-	575,140
IV-D CSE Incentive Recovery	93.563	-	199,285	102,663
IV-D Offset Fees - Esc	93.563	260	(13)	1,467
IV-D Offset Fees - Federal	93.563	3,137	-	1,616
Foster Care and Adoption Cluster:				
IV-E CPS	93.658	348,055	142,584	205,471
IV-E Foster Care/OErTm	93.658	5,555	-	1,852
IV-E Foster Care/ Off Tm	93.658	475,685	-	475,685
IV-E Admin County Paid to CCI	93.658	23,034	11,517	11,517
IV-E Family Foster Max	93.658	377	-	152

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
IV-E Foster Care	93.658	244,607	49,373	49,584
Adoption/Foster Care	93.658	419,738	-	17,379
IV-E Medicaid Maximization	93.658	10,994	-	-
IV-E Foster Care in Excess	93.658	100,460	20,318	20,318
IV-E Max Level III	93.658	11,845	-	4,820
IV-E Optional Adoption	93.659	33,503	-	33,503
IV-E Adopt Subsidy & Vendor	93.659	688,921	139,371	139,371
IV-E Adoption Training	93.659	4,301	-	1,434
Total Foster Care and Adoption Cluster		<u>2,367,075</u>	<u>363,163</u>	<u>961,086</u>
Total Division of Social Services		<u>5,925,469</u>	<u>605,322</u>	<u>3,280,512</u>
Total U. S. Department of Health and Human Services		<u>81,222,203</u>	<u>25,744,160</u>	<u>7,746,512</u>
Direct Programs:				
Aging Action Retired Senior Volunteer Program	94.002	<u>68,244</u>	-	<u>13,700</u>
U. S. Department of Homeland Security:				
Passed-Through N. C. Department of Crime Control and Public Safety Emergency Management: Emergency Management Performance Grant	97.042	<u>21,434</u>	-	-
Election Assistance Commission				
Passed-Through N. C. State Board of Elections Help America Vote Act Grant	90.401	<u>26,910</u>	-	-
Total Federal Awards		<u>89,780,288</u>	<u>25,744,160</u>	<u>7,873,798</u>
State Awards:				
N. C. Department of Health and Human Services:				
Division of Social Services:				
AFDC Incent/Prog Integrity		-	23	-
TANF Incent/Prog Integrity		-	305	-
CWS Adopt Subsidy & Vendor		-	262,397	66,999
State/County Special Assistance Domiciliary Care Payment		-	795,206	795,206
F/C at risk maximization		-	1,242	681
State Foster Home		-	132,222	132,222
Foster Care Special Provision		-	68,443	-
SFHS Maximization		-	80,539	80,539
State Aid to Counties		-	99,112	-
Homelessness State Grant		-	2,300	-
Economic Services Grant		-	98,523	-
Total Division of Social Services		<u>-</u>	<u>1,540,312</u>	<u>1,075,647</u>
Office of Juvenile Justice:				
Community Based Alternatives	536920	<u>-</u>	<u>277,798</u>	-
Division of Child Health:				
Smart Start		<u>-</u>	<u>75,047</u>	-
Division of Public Health:				
General		-	130,879	915,238
Preparedness and Response		-	38,836	271,580
Women's Preventative Health		-	3,396	23,748
Renal Disease		-	1,376	9,622
Communicable Disease		-	3,708	25,930
Public Health Lab		-	101	706
LHD Smokefree Law		-	3,214	22,476
State Initiative/Health and Wellness		-	12,995	90,874
Dental Health Services		-	12,995	90,874
Public Health Nurse Training		-	400	2,797
Tuberculosis		-	87,065	608,846
Risk Reduction/Health Promotion		-	6,217	43,476
Adolescent Parenting		<u>-</u>	<u>47,980</u>	<u>335,524</u>
Total Division of Public Health		<u>-</u>	<u>349,162</u>	<u>2,441,691</u>
Total N. C. Department of Health and Human Services		<u>-</u>	<u>2,242,319</u>	<u>3,517,338</u>

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Program Title	CFDA Number/ Grant Number	Federal Expenditures	State Expenditures	Local Expenditures
Rural Operating Assistance Program Cluster		-	215,462	-
Human Service Transportation Management Program		-	46,000	-
Safe Roads Act		-	10,447	-
Rural Public Transport		-	20,333	-
Total N. C. Department of Transportation		-	292,242	-
N. C. Department of Cultural Resources:				
State Arts Grant		-	33,781	-
Division of State Library:				
Passed-Through Hyconeechee Regional Library:				
State Aid to Public Libraries		-	121,781	1,581,874
Total N.C. Department of Cultural Resources		-	155,562	1,581,874
N. C. Department of Corrections				
Criminal Justice Partnership		-	188,743	27,421
N. C. Department of Crime Control and Public Safety:				
Governor's Crime Commission		-	287,870	78,651
Total N. C. Department of Crime Control and Public Safety		-	287,870	78,651
N.C. Department of Environment and Natural Resources:				
Parks and Recreation Trust Fund		-	94,109	-
N.C. Department of Insurance:				
SHIP Funds		-	2,804	-
N.C. Housing Finance Agency:				
Single Family Housing Rehabilitation		-	215,750	-
Total State Awards		-	3,479,399	5,205,284
Total Federal and State Awards		\$ 89,780,288	\$ 29,223,559	\$ 13,079,082

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.

The following are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes:

Subsidized Child Care and Foster Care and Adoption

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