The background image shows the front entrance of a classical building. It features two large white columns flanking a central arched doorway. The building's facade is made of red brick. A red, white, and blue ribbon is tied around the base of each column. The text is overlaid on a dark blue horizontal band across the middle of the image.

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*for the year ended June 30, 2016*

The logo consists of three stylized, overlapping waves in shades of blue, green, and orange, positioned above the text.

**ORANGE COUNTY**  
NORTH CAROLINA

# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016



Earl McKee

Chair, Board of County Commissioners

Bonnie Hammersley

County Manager

Gary Donaldson

Chief Financial Officer

Travis Myren

Deputy County Manager

Prepared by

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Katie Jones, Accounting Technician

and the Budget Office Staff

# ORANGE COUNTY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

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## ORANGE COUNTY

### Department of Finance and Administrative Services

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

February 28, 2017

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

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, I hereby issue the comprehensive annual financial report ("CAFR") of Orange County for the fiscal year ended June 30, 2016.

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 Mauldin & Jenkins, a firm of licensed certified public accountants. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. This opinion can be found at the beginning of the financial section of this document. In addition to the independent audit of the financial statements, the County is required to undergo an annual "Single Audit" designed to meet the special needs of federal grantor agencies. Information regarding this audit is submitted in the Compliance Sections of this report and includes the schedules of financial assistance and findings and questioned costs and the independent auditors' reports on the internal control structure and on compliance.

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

## **COUNTY PROFILE**

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

The County operates under a Commissioner-Manager form of government. The governing body of the County is the Board of County Commissioners, which formulates policies for the administration of the County. In addition, the Board annually adopts a balanced budget and establishes a tax rate for the support of the County's programs. The Board consists of seven commissioners, elected on a staggered basis for terms of four years. The County Manager is appointed by, and serves at the pleasure of the Board as the County's Chief Executive Officer. The County Manager has appointive and removal authority over department heads and employees of the County. The County Manager is responsible for the daily operations of the County Government. In addition, the Manager's responsibilities include implementation of policies established by the Board of Commissioners, as well as the administration of the annual budget adopted by the Board.

The County provides a wide range of services, including public safety, human services (Social Services, Health and Aging), and funds for education, cultural and recreational activities, general administration functions and others. This CAFR includes all funds and account groups of the County including all activities considered to be part of (controlled by or dependent on) the County. In the fiscal year ended June 30, 1995, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. As a result, the Orange County ABC Board is reported as a discretely presented component unit of the County.

The budget serves as the foundation for Orange County's financial planning and control. As required by the North Carolina Budget and Fiscal Control Act, the County adopts an annual budget for all governmental funds except those authorized by project ordinance that are multi-year in nature. Appropriations to the various funds are formally budgeted on a functional basis. The County Manager is authorized to approve appropriation transfers within all functions. The County Commissioners must approve transfers that alter the total appropriation of any functional category or fund, including the multi-year project funds. However, for expenditure control purposes the budget is monitored and controlled on a departmental level.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is best read and understood when considered within the context and broader perspective of the economic environment within which the County operates.

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

According to the Orange County Economic Development Commission, the leading industries in the County are educational, health and social services, professional, scientific, management, administrative and waste management services and arts, entertainment, recreation, accommodation and food services. The County's primary occupations are management, professional and related occupations, sales and office occupations and service occupations. Manufacturing and agriculture are lesser portions of the County's economy. The County unemployment rate for calendar year 2016 was 3.9% and it has consistently been low.

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

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

**Fiscal Outlook.** The adopted Fiscal Year 2016-17 budget included General Fund appropriation of \$215.8 million, which is an increase of \$9.1 million from prior years' original budget, and a \$1 million increase from the prior year's final amended budget. The County has continued its commitment to public schools earmarking more than one-half of the County's Fiscal Year 2016-17 General Fund Revenues for education which is consistent with previous fiscal years. Funding appropriated for education totaled \$103.7 million in the fiscal year 2016-17 budget. The Board adopted and maintained a property tax rate of .878 cents per hundred assessed valuation for Fiscal Year 2016-17. The assessed value is estimated to be \$16.9 billion with a tax rate of \$0.878 per \$100 of assessed valuation. The Board appropriated \$12.7 million of fund balance in the Fiscal Year 2016-17 budget to assist in increased funding for education and related public safety and health needs. The Board remains committed to stable fund balance levels to contend with stagnant revenues and any unforeseen emergencies.

The residents of Orange County approved Article 46 ¼ cents sales tax in November 2011. These sales tax revenues are earmarked for school capital projects in both school districts, Orange County Schools and Chapel Hill – Carrboro City Schools, and to foster economic development in the business development zones of the County. The sales tax revenue is projected to be \$3 million for fiscal year 2016-17.

As part of the County Capital Investment Plan, the County will issue General Obligation bonds to fund the two school systems improvements and affordable housing land banking projects as part of a voter approved November 2016 bond referendum. Additional capital improvements include public safety upgrades, parks and recreation expansions, information technology initiatives, water and sewer infrastructure in two (2) of the County's Economic Development Districts, and various capital projects equipment purchases in the fiscal year.

**Fiscal Policy.** The County continues to demonstrate strong financial management as a result of its financial policies which have enabled the County to remain financially resilient through prior economic recessions and any uncertainties in Federal and State funding. The Board and County Manager acted during the year to contain expenditures within the authorized appropriation levels resulting from economic and Federal and State legislative changes.

The actions primarily took the form of delaying hiring for vacant positions and requesting that departments take action to reduce operating expenses, fuel usage and travel. The County's debt service as a percentage of the budget remains below the 15% of General Fund expenditures limit, which is the goal the County strives to maintain. The current General Fund unassigned fund balance is 16.2% of General Fund expenditures as of June 30, 2016. The County's required reserve by state statute adds to the available fund balance.

## **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, 2016. This marks the seventeenth 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 2017 annual budget document. This is the 25th year that the award has been presented to the County. In order to qualify for this award, the County's budget document was judged proficient in several categories including policy documentation, financial planning and organization. The Budget Division believes the fiscal year 2017 budget continues to conform to program requirements and is submitting it to the GFOA to determine eligibility for another award.

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

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

Respectfully submitted,



Gary Donaldson, CTP  
Chief Financial Officer

# Key County Data

## General Description

Orange County’s location is the perfect mix of all that North Carolina has to offer. Nestled in the hills of the North-Central Piedmont section of North Carolina, Orange County is located between the Research Triangle Park and the Triad. The County is situated approximately midway between Washington, DC and Atlanta, Georgia. Orange County is approximately 160 miles from the Atlantic coast. The County’s topography has a mean sea level measurement of 470 feet. The County is approximately 401 square miles of which are 3.5 square miles of water.

Source: [Orange County Economic Development](#)

Orange County includes the following municipalities: Hillsborough, Chapel Hill, Carrboro, and a portion of the city of Mebane. The County is home to the University of North Carolina at Chapel Hill, the oldest state-supported university in the United States. The County is a diverse community mixed with old historic sites, scenic rural areas, lively towns, and beautiful college campuses. The County enjoys a relatively comfortable climate that is attractive to residents, visitors and college students.

Source: [Orange County Economic Development](#)

According to the United States Census, the County has experienced population growth of 4.9% over the last five years, with an average annual growth of 1.2%. The County’s percent in the Labor Force has remained stable with an average of 52.3% a year. Exhibit 3 presents the historical population and Labor Force of Orange County over the past five years.

Source: [Orange County Economic Development](#)

**Exhibit 3:  
Orange County Population**

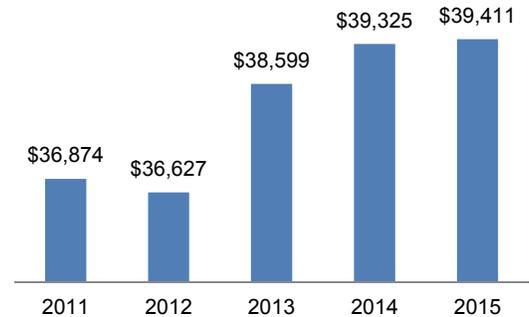
Year	Population	In Labor Force
2011	134,759	70,550
2012	137,662	72,116
2013	139,287	72,835
2014	140,160	73,447
2015	141,354	73,301

Source: [American Fact Find](#)

## General Economic Indicators

Real Gross Domestic Product (GDP) is the most commonly used economic indicator. The Durham-Chapel Hill Metropolitan Statistical area is the closest proxy for Orange County. The Real GDP is illustrated by Exhibit 4.

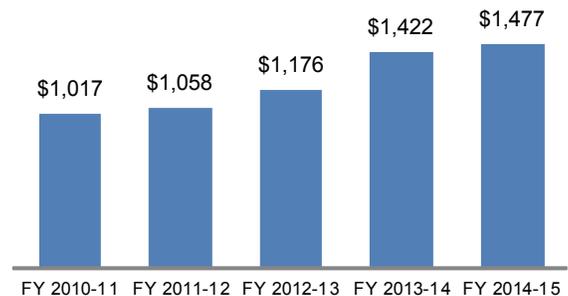
**Exhibit 4:  
Local Real GDP\***  
In millions



Source: [United States Bureau of Economic Analysis](#)  
\*The Real GDP of the Durham-Chapel Hill Metropolitan Statistical Area

Gross Retail Sales is generally accepted as a reliable indicator of consumer spending. The Gross Retail Sales has steadily increased. From Fiscal Years 2010-11 to 2014-15 Gross Retail Sales increased \$460 million or 45%. This is yet another indicator that the County economic recovery has been sustained since the Great Recession.

**Exhibit 5:  
Gross Retail Sales**  
In millions

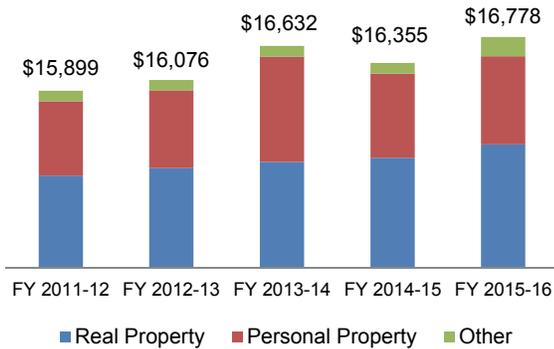


Source: [North Carolina Department of Revenue](#)

## Tax Base

Exhibit 6 shows the change in the tax base over the last five years. The tax base has remained stable over the past five years. The majority of the tax base is residential representing 84% of the total tax base. Most of the urban population is concentrated in the southern region around the Towns of Chapel Hill and Carrboro.

**Exhibit 6:  
Assessed Valuations**  
In billions



Source: [Orange County Comprehensive Annual Financial Report](#)

The County’s ten principal taxpayers as presented in Exhibit 7, accounts for 2.6% of totaled assessed valuation or \$439,541,212 indicating no concentration in the tax base. The principal tax payers are of the following industrial categories: Public Utility, Apartment Rental, Office, Retail, Condominiums, and Hotels.

Source: [Orange County Financial Services](#)

**Exhibit 7:  
Principal Tax Payers**

Taxpayers	Industry	Assessed Valuation
Duke Energy	Public Utility	\$118,667,657
Piedmont Electric Membership	Public Utility	\$56,085,377
Northwestern Life Insurance Co.	Apartment Rental	\$38,876,622
Corium LLC	Office / Retail	\$35,388,300
East 54	Office / Retail	\$35,239,900
ACC GF III Chapel Ridge/View LLC	Condos	\$35,037,316
Madison University Mall LLC	Retail	\$32,792,795
Public Service Co of NC INC	Public Utility	\$31,580,462
Europa Center LLC	Hotel	\$28,444,066
Granville Towers LLC	Apartment Rentals	\$27,428,717
<b>Total</b>	<b>\$439,541,212</b>	<b>2.6%</b>

Source: [Orange County Financial Services](#)

## **Employment and the Economy**

### **Demographics**

The University of North Carolina at Chapel Hill and UNC Health Care are major employment sources in the County. Exhibit 8 highlights the economic and employment diversity in the County. The County’s most common occupations are in educational services, health care and social assistance, and

retail trade sectors. Industry sectors such as Agriculture, Utilities, and Management of Companies and Enterprises comprise small portions of the Orange County Industry Structure.

**Exhibit 8:  
Industry Structure**

Industry	Employment
Agriculture, Forestry, Fishing, and Hunting	193
Utilities	218
Construction	1,567
Manufacturing	1,586
Wholesale and Retail Trade	7,746
Transportation and Warehousing	670
Information	1,002
Finance and Insurance	1,122
Real Estate, Rental, and Leasing	855
Professional and Technical Services	2,879
Management of Companies and Enterprises	367
Administrative and Waste Services	1,315
Educational Services, Art and Recreation	20,608
Health Care and Social Assistance	16,361
Accommodation and Food Services	6,418
Public Administration	2,616
Other Services	2,331

Source: Orange County Economic Development Department

The County’s economy is characterized by a high degree of institutional and public-sector activity, office, commercial and service-oriented businesses. According to [Orange County Economic Development](#), the County is the place of residence for many technical, professional and executive professionals who work in the Research Triangle Park (the “Park”) and neighboring cities of Durham, Raleigh, and Burlington.

The largest employers by number of employees have remained relatively consistent. Some of the largest employers are in education, health services, manufacturing, trade, transportation, and utilities. Exhibit 9 presents firms employing the most persons in the County as of the most recent available information.

**Exhibit 9:  
Major Employers**

<b>1000+ Employees</b>	UNC Chapel Hill*
	UNC Health Care System*
	Chapel Hill-Carrboro City Schools*
	Orange County Schools*
<b>500 to 999 Employees</b>	Orange County*
	Blue Cross Blue Shield
	Town Of Chapel Hill*
	Eurosport*
<b>250 to 499 Employees</b>	UNC Physician Network LLC*
	Wal-Mart
	Harris Teeter
	AKG of America, Inc.
	General Electric Corp
	PHE, Inc.*
	The Chapel Hill Residential
	Food Lion
	Weaver Street Market, Inc.*
	Performance Chevrolet, Inc.
	Wellspring Grocery
	A Southern Season
	<b>100 to 249 Employees</b>
Residential Services, Inc.	
Carolina Inn	
Town of Carrboro*	
US Postal Service	

\*Headquartered in the County  
Source: [Orange County Economic Development](#)

### Personal Income

According to the [U.S. Bureau of Economic Analysis](#), Orange County had the highest per capita personal income in North Carolina at \$52,989. The per capita personal income has increased by approximately 13.2% from 2010 to 2014. The Orange County per capita personal income was significantly higher than the national average (\$40,453) and the North Carolina average (\$39,171). Exhibit 10 presents the per capita personal income for all industries.

**Exhibit 10:  
Per Capita Personal Income**  
In thousands



[Bureau of Economic Analysis](#)

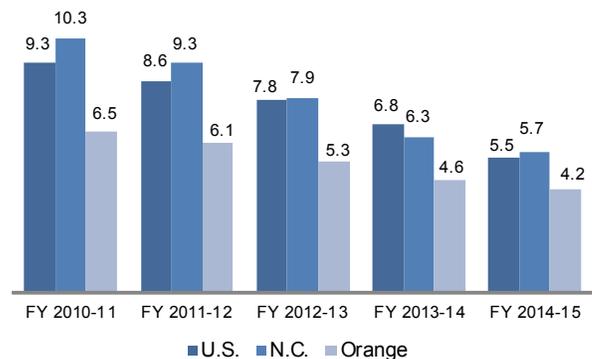
Source:

### Employment

The County's unemployment rate has consistently been low, and below the state and nation. Exhibit 11 presents the average monthly unemployment rates for each of the past five fiscal years. The U.S. Bureau of Labor and Economic Analysis reported the County's unemployment rate of 4.2% for 2015 which was below the state rate of 5.7% and national rate of 5.5%.

Source: [North Carolina Association of County Commissioners](#)

**Exhibit 11:  
Unemployment Rates**  
Average for Each Fiscal Year



[United States Bureau Labor & Economic Analysis Division](#)

Source:

As with the nation, Orange County experienced industry and job losses during the Great Recession. Consistent with national trends, the construction industry in the County was impacted by the recession. Exhibit 12 presents new residential construction by type, which indicates that the construction industry is recovering from the impact of the Great Recession. The number of new residential construction increased significantly during the economic recovery. New residential construction has increased 118% from calendar year 2012 through calendar year 2015.

**Exhibit 12:  
New Residential Construction by Type**

Year	Apartments	Single Family	Multi Family	Total
2011	0	126	23	149
2012	48	112	16	128
2013	0	125	8	133
2014	0	182	26	208
2015	123	241	280	280

Source: Orange County Permits and Inspections Department

Exhibit 13 shows the number of total building permits have continued to increase steadily over the past five years. The number of building permits has increased by approximately 40% from calendar year 2011 to 2015.

**Exhibit 13:  
Number and Value of Building Permits**

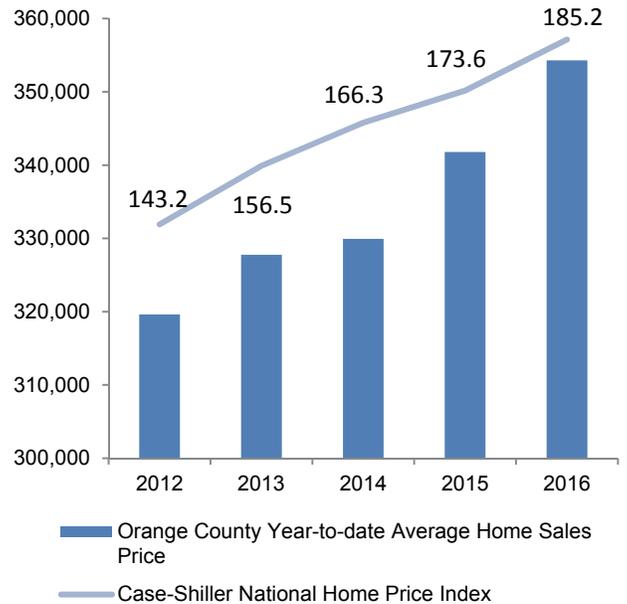
Year	Building Permits	Residential	Non-Residential
2011	1558	\$46,671,903	\$32,206,476
2012	1577	\$43,887,153	\$39,628,316
2013	1683	\$50,737,695	\$99,255,189
2014	2023	\$76,329,832	\$44,954,972
2015	2182	\$103,218,296	\$57,649,497

Source: Orange County Permits and Inspections Department  
\*These Numbers do not include mobile homes.

### Housing Market

According to the [Orange County Department of Planning and Inspections](#), Chapel Hill, a municipality in Orange County, is the highest priced major housing market in the Triangle Region. Average home prices in Orange County have continued to increase with the average home price at \$341,799 as of June 30, 2015. Compared to the Case-Shiller U.S. National Home Price Index, the Orange County housing market has remained largely consistent with national trend. The strong housing market is indicative the of the County's quality of life, excellent school systems, and parks and greenspace. Exhibit 14 shows the average home sale price in Orange County over a five year period in comparison to the Case-Shiller National Housing Index.

**Exhibit 14:  
Average Orange County Home Sale Price  
and Case-Shiller National Home Price Index**



Source: [Triangle MLS](#) and [S&P/Case Shiller U.S. National Home Price Index](#)

### Additional Demographic Data

#### Education

Public education in the County is provided by Chapel Hill-Carrboro City School District and Orange County School District. Exhibit 15 details the total budgeted students in Chapel Hill-Carrboro City School District and Orange County School District for the last five academic years.

**Exhibit 15:  
Total Budgeted Students\***

Year	Chapel Hill-Carrboro City Schools	Orange County Schools	Total
2012-13	12,115	7,585	19,700
2013-14	12,242	7,666	19,908
2014-15	12,339	7,863	20,202
2015-16	12,239	7,801	20,040
2016-17	11,993	7,966	19,959

Source: [Orange County Approved Operating Budget](#)

\* Total Budgeted Schools is determined by the North Carolina Department of Public Instruction March Planning Numbers, less out of district students, plus Budgeted Charter Students.

A seven-member Board of Education is the policy-making authority of Orange County School District and an eight member Board of Education for Chapel Hill-Carrboro City School District. Board of Education members are elected to four-year staggered terms on a non-partisan basis. Administrative responsibility is vested in an appointed superintendent who serves as chief executive officer. Each

Board of Education relies upon the County for local funds needed to support public school current expense and capital outlay needs.

The Fiscal Year 2016-17 Budget allocates a total of \$102,762,341 including debt service on school facilities to both school systems, an increase in school spending of \$3,355,215.

Each Board of Education must present their current expense and capital outlay budget requests to the County by April 30 each year. Appropriations to the Board of Education are discussed in the County’s budget hearings and the approved amount for the schools is appropriated in the County’s operating budget adopted by July 1.

The approved fiscal year 2016-17 budget provides \$3,868 per pupil for each student in the two school systems. This is an increase of per pupil funding, \$170.50, from the year prior.

The County’s support per student for the past ten years, exclusive of debt service and based on total enrollment, is shown in Exhibit 16 for Chapel-Hill Carrboro City School District and Orange County School District. The increase in Per Pupil Support from fiscal year 2010-11 to fiscal year 2014-15 reflects restoration of funding as the economy improved.

**Exhibit 16:  
Historical Per Pupil Appropriation**

Year	Per Pupil Appropriation	Annual % Increase
2006-07	\$2,957	5.8%
2007-08	\$3,069	3.8%
2008-09	\$3,200	4.3%
2009-10	\$3,096	-3.3%
2010-11	\$3,096	0.0%
2011-12	\$3,102	0.19%
2012-13	\$3,167	2.1%
2013-14	\$3,269	3.2%
2014-15	\$3,571	9.2%
2015-16	\$3,697.50	3.5%
2016-17	\$3,868	4.6%

Source: Orange County Financial Services

**Chapel Hill-Carrboro City Schools District**

The Chapel Hill-Carrboro City School District (CHCCS) is one of two public school systems in Orange County, NC with ten elementary schools, four middle schools, three high schools and a school for students being treated at UNC Chapel Hill Hospital. Chapel Hill-Carrboro City Schools has the highest average SAT score in the state and its high schools have been cited in Newsweek magazine’s list of top high schools.

**Orange County Schools District**

Orange County School District provides the community with seven elementary (one year-round school of choice), three middle schools, two high schools and an alternative school. Orange County Schools offers an International Baccalaureate Diploma for advanced students. Orange County Schools states itself to be the “First Choice for Families”.

**Graduation Rates**

Graduation rates for both Chapel Hill-Carrboro School District and Orange County School District are above the state and national average. Exhibit 17 demonstrates graduation rates for Chapel Hill-Carrboro City Schools and Orange County in comparison to National averages.

**Exhibit 17:  
Graduation Rates\***

System	Rate
Chapel Hill-Carrboro City	91%
Orange County	88%
North Carolina	85%
United States	81%

Source: Orange County Economic Development  
\*These percentages are rounded to the nearest whole number

Colleges and Universities located in the County offer a range of opportunities for higher education. The area offers the opportunity to attend an exceptional community college or an extraordinary large state university. Exhibit 18 presents the most recent enrollment data available for the colleges and universities within the County.

**Exhibit 18:  
Student Enrollment at Higher Education Facilities  
in Orange County**

Institution	Fall 2014	Fall 2015
UNC- Chapel Hill	29,135	29,084
Durham Technical Community College*	2,732	2,868

Source: UNC School System and Durham Technical Community College  
\*Enrollment for Durham Technical Community College Orange County Campus

The University of North Carolina at Chapel Hill (UNC) is the nation’s oldest state university, with a rich history of more than two centuries. UNC is one of the State’s top and most progressive institutions of teaching, research, and public services. The campus covers approximately 730 acres and provides education to more than 29,000 students. According to UNC, it has earned a reputation as one of the best universities in the world. UNC is among one of the leading research universities. UNC-Chapel Hill’s doctoral programs

include Bio-medical sciences, Dentistry, Physics, Education, and Chemistry. The University of North Carolina also includes top ranked Medical and Law Schools.

Durham Technical Community College’s Orange County Campus is a comprehensive community college. The campus is situated in 20 acres centrally located in Orange County. Durham Technical Community College is dedicated to serving the educational needs of residents in Orange County while staying environmentally friendly. The college offers a selection of Continuing Education courses, a Nursing Assistant program, Adult Education programs, and English as a Second Language courses. The College’s Budget includes a scholarship program for Orange County high school students who enroll in Durham Technical Community College immediately following High School graduation. \$50,000 is allocated from prior year Article 46 sales tax proceeds to provide \$1,000 scholarships to fifty eligible students.

The University of North Carolina at Chapel Hill is a predominant presence in Orange County and is a primary factor for the County’s highly educated labor force. The rates of educational attainment for Orange County, North Carolina, and United States are displayed in Exhibit 19. There are 19.9% more residents living in Orange County with a Graduate Degree or Higher and 6.3% more residents with a Bachelor’s degree than in North Carolina on average. According to the [United States Census](#) and in comparison to the United States, Orange County is ranked as 7th County in the United States with the greatest percentage of residents with graduate degrees and the 14th County in the United States with the greatest percentage of persons with bachelor degrees in the United States. Source: [United States Census Data on Educational Attainment by County](#)

**Exhibit 19:**

**Educational Attainment**

Population 25 years and over in 2014

Highest Education Level	Orange	N.C.	U.S.
Did Not Graduate High School	8.0%	14.2%	13.3%
High School Graduate	15.6%	26.7%	27.8%
Some College, No Degree	13.9%	21.8%	21.2%
Associate’s Degree	6.0%	9.0%	8.1%
Bachelor’s Degree	25.4%	18.4%	18.5%
Graduate Degree or Higher	31.2%	9.9%	11.2%

Source: [United States Census \(Orange County\)](#), [United States Census \(N.C.\)](#), [United States Census \(U.S.\)](#)

**Medical**

Orange County residents have access to top quality medical services. According to the Robert Wood Johnson Foundation, Orange County is rated number one in North Carolina for Health Outcomes based on length and quality of life. Orange County is also rated number one in health factors based on health behaviors, clinical care, social and economic factors, and the physical environment.

The County is predominantly served by UNC Hospitals, a public, academic medical center. The Hospitals’ mission is to provide high quality patient care, to educate health care professionals, to advance research and to provide community service. UNC Hospitals opened in September 1952 under the name North Carolina Memorial Hospital.

The medical facilities located in the County and their respective licensed bed capacities are shown in Exhibit 20 per the most recent data.

**Exhibit 20:  
Hospitals in Orange County**

Hospital	Licensed Beds
UNC Health Care	803
UNC Hillsborough Campus	86

Source: Orange County Economic Development

There are seven other hospitals within 30 miles of Orange County including the following: NC Specialty Hospital, Duke University Hospital, Durham Regional Hospital, U.S. Veterans Medical Hospital, Alamance Regional Hospital, Chatham Hospital, and Person Memorial Hospital.

**Transportation**

Orange County is strategically located on the I-85/I-40 corridor with a total interstate mileage of 28.2 miles. The County is served by Interstate Highways 40 (I-40) and 85 (I-85); by U.S. Highways 15, 70, and 501; and by N.C. Highways 49, 54, 57, 86, and 751. Major expansion, maintenance, and improvements of primary and secondary highways within the County are primarily the responsibility of the State. Each municipality within the County bears the primary responsibility for its local street system; therefore the County has no financial obligation with respect to the construction of roads.

To help reduce motor vehicle commuting into Orange County, the Orange County Public Transportation provides a continuum of locally-accessible transportation services. Transit includes pick up and drop off services for the elderly and disabled. The Hillsborough circulator connects major destinations throughout Hillsborough with hourly service provided Monday through Friday. This service is free to all passengers. The Towns of Chapel Hill and Carrboro also provide their community with buses primarily serving students at the University of North Carolina at Chapel Hill. Orange County, in conjunction with other area local governments, is a member of the Research Triangle Regional Public Transportation Authority, also known as GoTriangle. GoTriangle is a regional public transportation provider, offering a wide variety of transit and vanpool services to North Carolina’s Triangle Region and outlying counties.

Source: [Orange County Public Transportation](#)

Orange County is within 20 miles east of the Raleigh Durham International Airport (RDU Airport). RDU Airport has passenger service to 41 destinations with an average of 126 daily departures. RDU airport is served by six passenger carrier airlines including American Airlines, Delta Air Lines, JetBlue Airways, United Airlines, and Frontier Airlines.

Source: [Orange County Comprehensive Annual Financial Report](#)

Amtrak offers direct service to 56 cities from nearby Raleigh. The Silver Star provides daily service to Richmond, Washington, New York, Miami, and many points in between. The Carolinian travels daily between Charlotte and New York City, with stops in Raleigh, Richmond, Washington, DC, Baltimore and Philadelphia. The Piedmont makes daily trips between Raleigh and Charlotte.

Source: [Orange County Comprehensive Annual Financial Report](#)

### **Culture and Recreation**

Music, history, and art offerings abound throughout the County. Hikes through the Riverwalk in Hillsborough and strolls down Franklin Street in Chapel Hill offer unique ways to discover North Carolina. The Ackland Art Museum, Eno Gallery, and Frank Gallery offer an array of visual arts and bring special exhibits and local art to the eye of the County. UNC's Memorial Hall, Cat's Cradle, the Arts Center, DSI Comedy Theater, and the Forest Theater showcase the amazing artistic, theatrical, and musical expressions of local and world renowned artists. The North Carolina Botanical Gardens, Montrose Gardens, Woodcrest Farms, Oconeechee Mountain State Natural Area, and Eno State River Park showcase the natural beauty of the County. The County has an impressive number of historical sites. Hillsborough's historical district, the Historic Playmakers Theatre, Horace Williams House, Ayr Mount House, and UNC's Old Well demonstrate the rich historical past of the County.

The County offers nearly every sport and recreational endeavor for its residents. The County's park facilities include tennis courts, play grounds, swimming pools, soccer fields, ball parks, picnic areas, biking, hiking, canoeing, a skate park, and dog parks. The Orange County Sportsplex offers additional recreational activity. The Sportsplex hosts many events such as swim meets, skating competitions, hockey tournaments, and triathlons. The Sportsplex hosts over 480,000 visitors each year.

The Orange County recreation center offers many courses for youths and adults. Each year, summer and spring break camps are offered, which include basketball, tae kwon do, and general summer camps. Children and adults are able to take art, cooking, and computer education courses. The center offers a variety of sports leagues and classes, as well as Tai Chi classes.

### **Municipalities**

Orange County consists of four incorporated towns: Chapel Hill, Hillsborough, Carrboro and a portion of Mebane. Each is unique and, together, they are the perfect blend of

cosmopolitan culture and energy with the relaxation of rural life.

The Town of Chapel Hill, or as locals call it, "the Southern part of heaven," is probably best known as the home of the University of North Carolina, the nation's first state university and an institution that is continually recognized for having one of the best undergraduate programs in the U.S. As a result, the town's culture blends bohemian college town, quaint Southern charm and a cosmopolitan craving for sophistication in dining, shopping and entertainment.

The Town of Carrboro was founded nearly a century and a half ago when, in response to an outcry from college students who felt cut off from the outside world, a spur from the Durham-Greensboro Southern Railway line was extended. The town's rustic charm still remains, with both the original rail station and the textile mill listed on the National Register of Historic Places. Carrboro features a downtown that offers unique shopping and dining, a growing arts community and a reputation for great farmer's markets.

The Town of Hillsborough was founded over 250 years ago and was once the colonial capital of North Carolina. Hillsborough now serves as the County seat of Orange County. The city boasts over one hundred late 18th and 19th century structures and is listed on the National Register of Historic Places. During the Revolutionary War, Hillsborough was the political and cultural focal point of the area and it remains so today. Surrounded by rolling hills, the town's residents enjoy charming shops and restaurants and many activities celebrating the arts and history being held almost daily.

The City of Mebane's namesake is Brigadier General Alexander Mebane, a Revolutionary War officer and later, a United States Congressman. The city of Mebane is at the center of one of the fastest growing areas in North Carolina, offering all of the conveniences of city life with all of the escape opportunities that city dwellers often seek; the mountains are just three hours to the west and the coast, nearly three hours to the east.

Source: [Orange County Economic Development](#).



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**Orange County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# Board of County Commissioners



Earl McKee, Chair



Bernadette Pelissier,  
Vice Chair



Mia Burroughs



Mark Dorosin



Barry Jacobs



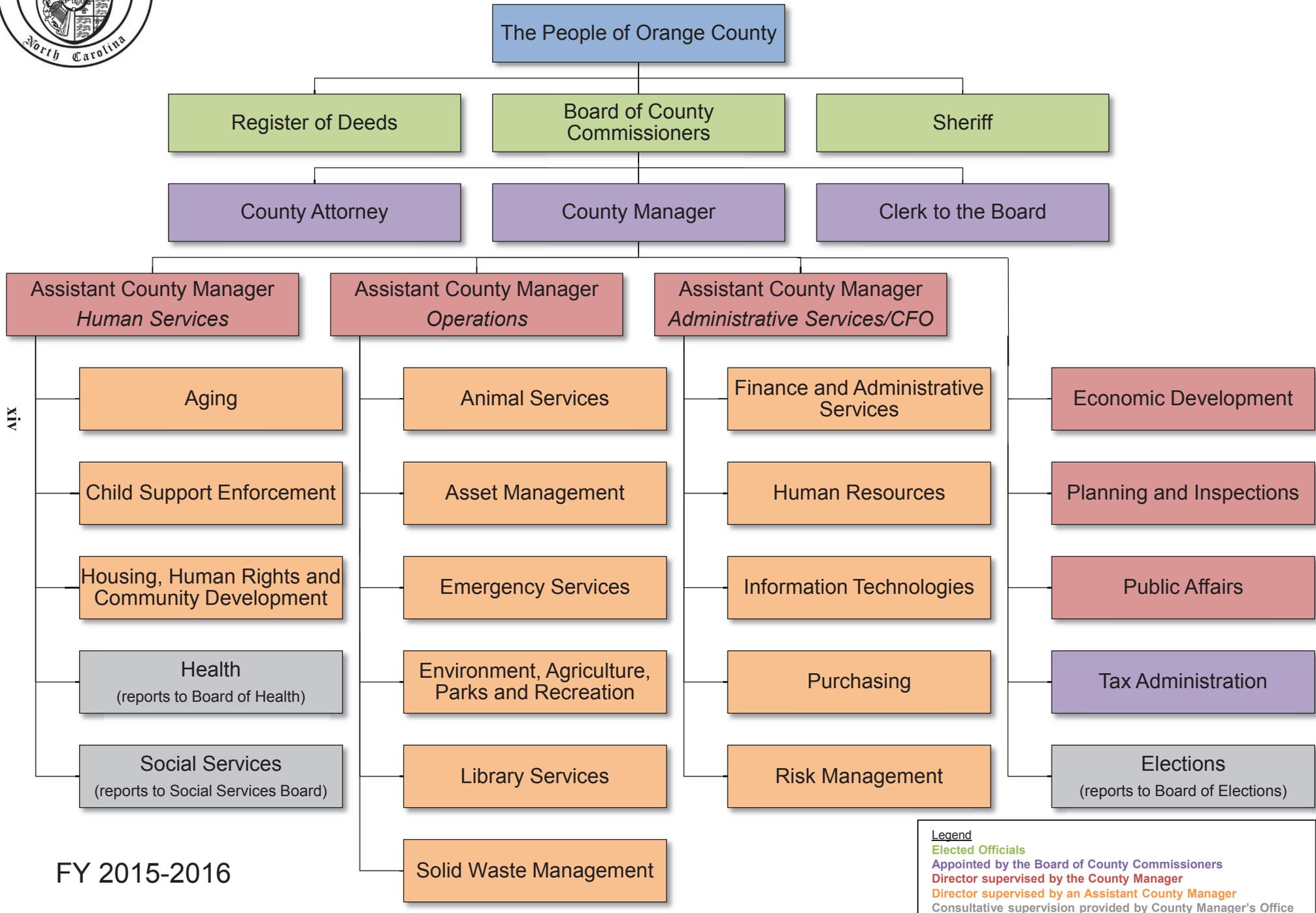
Renee Price



Penny Rich



# Orange County Government

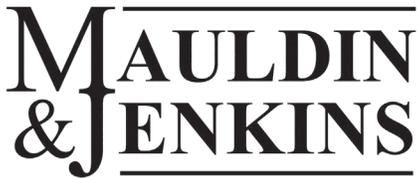


FY 2015-2016

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

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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**Members of the Board of Commissioners  
Orange County, North Carolina**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Orange County, North Carolina (the "County")**, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Orange County ABC Board, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Orange County ABC Board, is based solely on the report of the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Orange County ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress, Other Postemployment Benefits Schedule of Funding Progress, the County's Proportionate Share of Net Pension Liability (Asset) – LGERS, the Schedule of the County's Contributions – LGERS, the County's Proportionate Share of Net Pension Liability (Asset) – Register of Deeds Supplemental Pension Fund, and the Schedule of the County's Contributions – Register of Deeds Supplemental Pension Fund, on pages 4-13, 76, 77, 78, 79, 81, and 82, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual nonmajor fund statements and schedules, the statistical section, and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and schedules and the schedule of expenditures of federal and state awards (the "supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
February 27, 2017

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, 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### **Financial Highlights**

The liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$8.9 million (net position). In accordance with North Carolina law, liabilities of the County include approximately \$94 million in long-term debt associated with assets belonging to the Orange County Board of Education and the Chapel Hill-Carrboro City Board of Education. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a net deficit in net position.

The government's total net position increased by \$12.3 million. This increase is attributed to revenues exceeding expenses and strong cost containment measures.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$107.8 million. An increase of \$1.2 million in comparison with the prior year. This results primarily from installment proceeds and transfers associated with County Capital Outlays totaling \$14.9 million in the current year. The General Fund ending fund balance includes \$12.7 million of assigned fund balance for subsequent year's expenditures. The General Fund total ending fund balance of \$64.5 million includes \$32 million of unassigned fund balance.

The unassigned General Fund ending fund balance of \$32 million represented 16.2% of total General Fund expenditures for the fiscal year.

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

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

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

### **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:

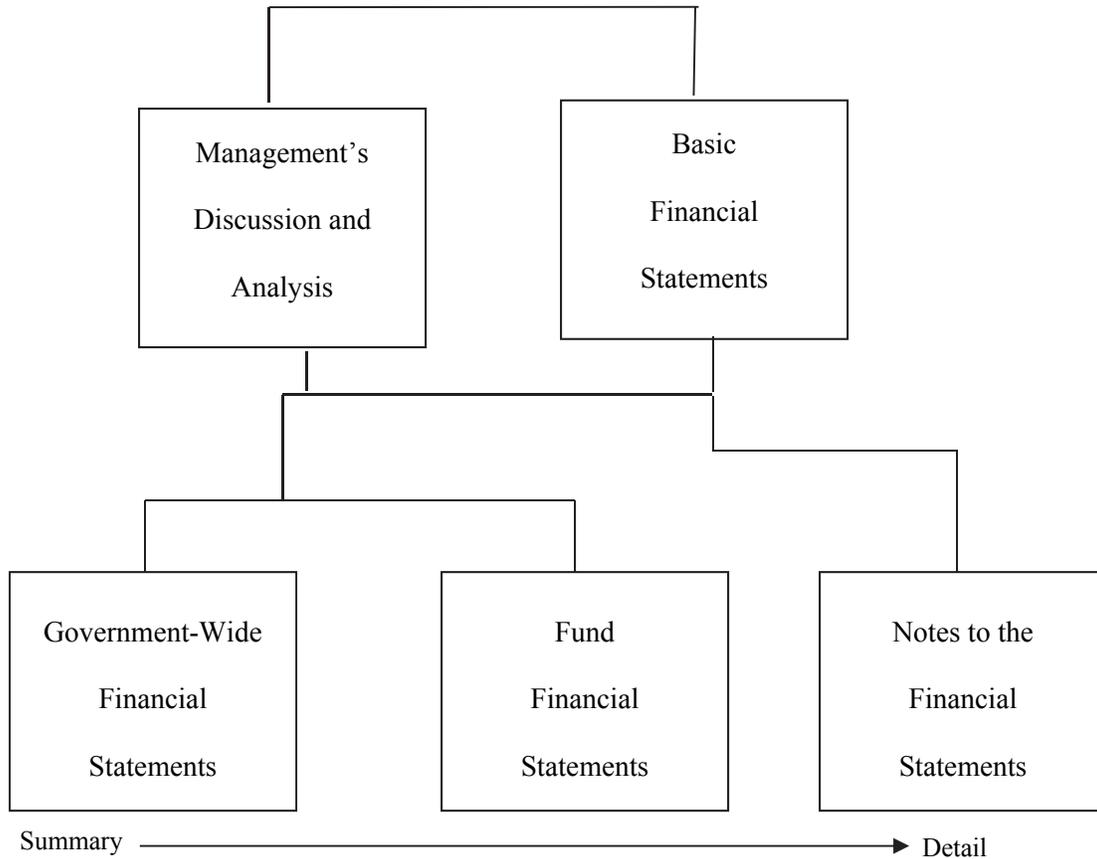
1) the governmental funds; statements; 2) the budgetary comparison statements; 3) the proprietary fund statements and 4) the fiduciary fund statements.

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

### **Government-Wide Financial Statements**

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

**Required Components of Annual Financial Report**  
**Figure 1**



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

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

by the County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on pages 14 through 16 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 less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the residents 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 two kinds of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its sewer activity, for its landfill operations, and SportsPlex operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses internal service funds to account for three activities - its employee health and dental insurance program and its vehicle replacement program. Because these operations benefit predominantly governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide financial statements.

### **Fiduciary Funds**

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

### **Notes to Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements are on pages 25-75 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 and other post-employment benefits to its employees. Required Supplementary Information can be found beginning on page 76 of this report.

## Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015 - Restated	2016	2015 - Restated	2016	2015 - Restated
<b>Assets and</b>						
<b>Deferred Outflows:</b>						
Current and other assets	\$ 123,000,752	\$ 121,847,847	\$ 14,481,573	\$ 14,079,533	\$ 137,482,325	\$ 135,927,380
Capital assets	103,109,718	106,393,200	17,262,534	17,307,925	120,372,252	123,701,125
Deferred Outflows	3,457,953	3,296,980	208,835	209,887	3,666,788	3,506,867
Total assets and deferred outflows	229,568,423	231,538,027	31,952,942	31,597,345	261,521,365	263,135,372
<b>Liabilities and</b>						
<b>Deferred Inflows:</b>						
Long-term liabilities	237,779,658	245,633,756	19,654,260	18,988,684	257,433,918	264,622,440
Other liabilities	9,569,881	8,507,501	1,419,034	809,235	10,988,915	9,316,736
Deferred inflows	1,970,127	9,848,634	94,558	599,322	2,064,685	10,447,956
Total liabilities and deferred inflows	249,319,666	263,989,891	21,167,852	20,397,241	270,487,518	284,387,132
<b>Net Position:</b>						
Net investment in capital assets	23,190,053	45,097,368	7,462,618	7,327,120	30,652,671	52,424,488
Restricted	36,911,846	17,339,596	-	-	36,911,846	17,339,596
Unrestricted	(79,853,142)	(94,888,828)	3,322,472	3,872,984	(76,530,670)	(91,015,844)
Total net position	\$ (19,751,243)	\$ (32,451,864)	\$ 10,785,090	\$ 11,200,104	\$ (8,966,153)	\$ (21,251,760)

As noted earlier, net position serves, as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources of the County exceeded assets and deferred outflows of resources by \$8.9 million as of June 30, 2016. Net position is reported in three categories: Net investment in capital assets of \$30.6 million, restricted net position of \$36.9 million, and unrestricted net deficit of \$76.5 million.

The net investment in capital assets category is defined as the County's net investment in County-owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and sewer lines). The County uses these capital assets to provide services to residents; 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, 2016, the net investment in capital assets decreased by \$21.8 million.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to residents and creditors. At June 30, 2016, the total net deficit

reported of \$8.9 million is attributable to the unrestricted net deficit balance of (\$76.5) million, which results from the debt financing related to school assets.

Consistent with other counties in the State of North Carolina, the County's deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the two school systems located within the County. Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal obligation to provide the school systems capital funding by using a combination of County funds, general obligation debt, and installment financing. It is important to note, that the assets funded by the County are owned and utilized by the school systems. The County is the issuing government for school system debt but acquires no capital assets; therefore the County has incurred a liability without a related increase in assets. At the end of the fiscal year, approximately \$94 million of the outstanding debt on the County's financial statements was related to assets included in the school systems' financial statements. The majority of this school system related debt is general obligation debt, which is secured and pledged by the full faith, credit, and taxing power of the County. The County is authorized and required by State law to levy ad

## Management's Discussion and Analysis (Unaudited)

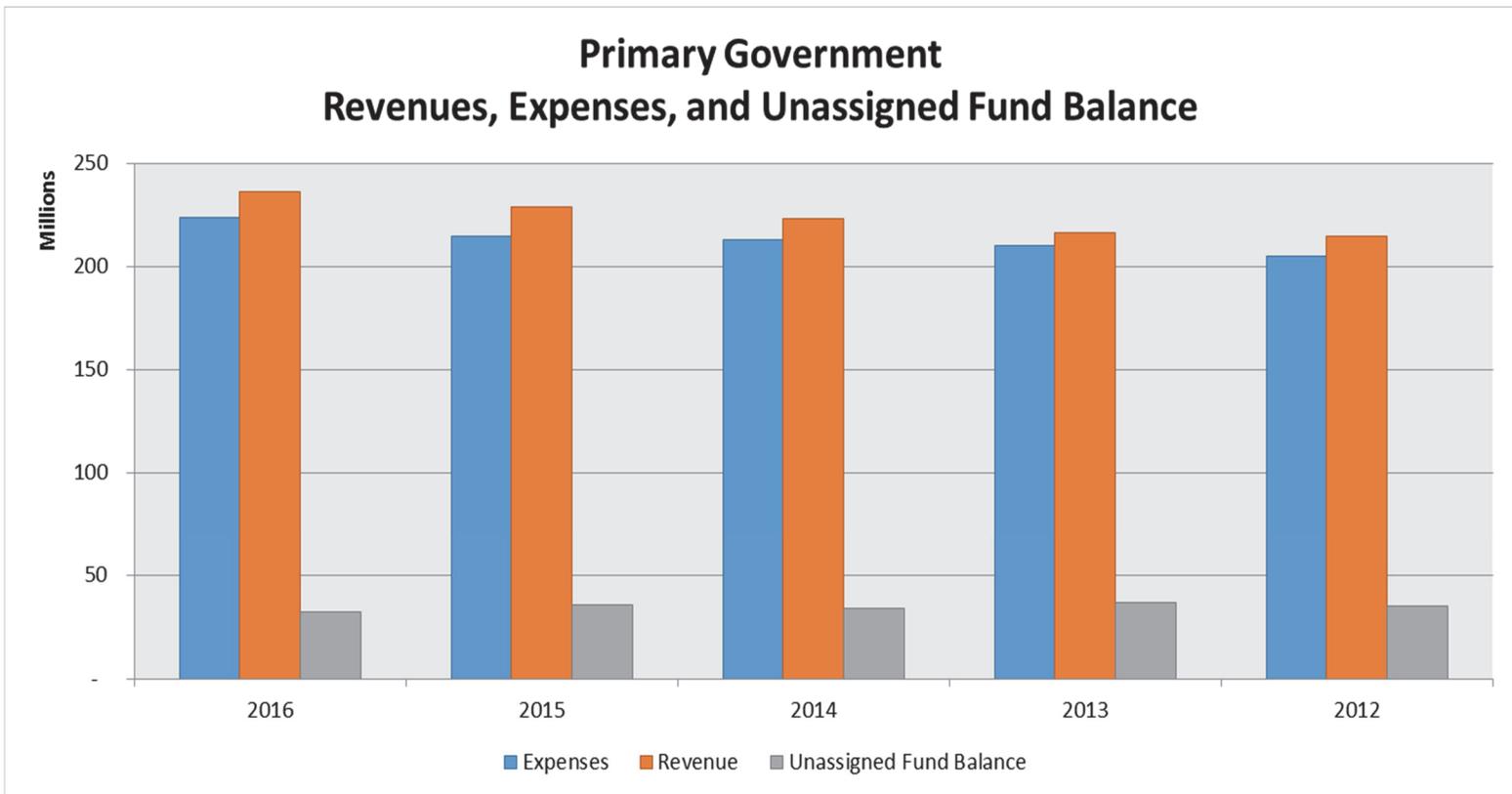
valorem taxes, without limit as to rate or amount to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which such requirements are due and payable. The majority of the non-general obligation debt is repaid from a combination of School systems impact fees, sales taxes earmarked for school capital, education lottery proceeds, and ad valorem property taxes allocated to school capital.

As noted earlier, the government's total net position increased by \$12.3 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-type activities. In addition, the following positive operational initiatives and results are noted:

- The County's continued diligence in the collection of property taxes by maintaining a

collection percentage of approximately 99%, higher than the State-wide average of 97%.

- Sales tax revenue, which is the second largest revenue source, increased by approximately \$1.3 million from last year to \$22.9 million.
- The County continued to lead the State in per pupil funding for education.
- The unassigned fund balance in the County's General Fund reflected a decrease of \$3.2 million from the prior year. The county continues to exercise fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year. The County's unassigned fund balance level provides a financial cushion to mitigate unforeseen changes in the economic and business climate and reductions in intergovernmental revenues.



## Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 15,778,566	\$ 15,698,925	\$ 11,719,530	\$ 8,496,708	\$ 27,498,096	\$ 24,195,633
Operating grants and contributions	26,418,629	26,224,918	-	1,192,897	26,418,629	27,417,815
Capital grants and contributions	1,059,278	1,112,971	-	-	1,059,278	1,112,971
General Revenues:						
Property Taxes	153,059,233	149,605,562	-	-	153,059,233	149,605,562
Other Taxes	27,712,231	26,378,822	-	-	27,712,231	26,378,822
Other	267,113	25,268	162,555	2,328	429,668	27,596
<b>Total Revenues</b>	<b>224,295,050</b>	<b>219,046,466</b>	<b>11,882,085</b>	<b>9,691,933</b>	<b>236,177,135</b>	<b>228,738,399</b>
<b>Expenses:</b>						
Community Services	11,798,260	-	-	-	11,798,260	-
General Government	22,439,461	19,289,101	-	-	22,439,461	19,289,101
Human Services	46,087,661	38,142,905	-	-	46,087,661	38,142,905
Education	85,679,979	84,862,221	-	-	85,679,979	84,862,221
Public Safety	28,476,942	27,613,011	-	-	28,476,942	27,613,011
Interest on long-term debt	3,933,332	4,782,894	-	-	3,933,332	4,782,894
Support Services	11,344,246	-	-	-	11,344,246	-
General Services	-	9,178,467	-	-	-	9,178,467
Community and Environment	-	13,773,024	-	-	-	13,773,024
Cultural and Recreation	-	2,486,556	-	-	-	2,486,556
Landfill	-	-	10,280,177	11,037,061	10,280,177	11,037,061
Sewer	-	-	430,846	243,993	430,846	243,993
Sportsplex	-	-	3,420,624	3,215,365	3,420,624	3,215,365
<b>Total Expenses</b>	<b>209,759,881</b>	<b>200,128,179</b>	<b>14,131,647</b>	<b>14,496,419</b>	<b>223,891,528</b>	<b>214,624,598</b>
Note: Orange County changed to Functional Leadership Teams in FY 2015-16 (Community Services, General Government, and Support Services replaced Governing and management, General Services, Community and environment, and Cultural and recreational); the 2016 numbers are reflected of this organizational change.						
Increase/decrease in net position before transfers	14,535,169	18,918,287	(2,249,562)	(4,804,486)	12,285,607	14,113,801
Transfers	(1,834,548)	(2,376,743)	1,834,548	2,376,743	-	-
Increase/Decrease in net position after transfer	12,700,621	16,541,544	(415,014)	(2,427,743)	12,285,607	14,113,801
<b>Net Position:</b>						
Beginning of year - July 1	(34,602,645)	(41,983,530)	9,866,412	7,733,807	(24,736,233)	(34,249,723)
Restatement	2,150,781	(9,160,659)	1,333,692	4,560,348	3,484,473	(4,600,311)
<b>Total net position</b>	<b>\$ (19,751,243)</b>	<b>\$ (34,602,645)</b>	<b>\$ 10,785,090</b>	<b>\$ 9,866,412</b>	<b>\$ (21,251,760)</b>	<b>\$ (24,736,233)</b>

**Governmental Activities.**

Governmental activities increased the County's net position by \$12.7 million.

Key elements of this increase are as follows:

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

**Business-Type Activities**

Business-type activities decreased the County's net position by only \$415,014.

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

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

**Governmental Funds**

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned balance of the General Fund was \$32 million, while total fund balance equaled \$64.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 15.5% of total General Fund expenditures and transfers out, while the total fund balance represents 31.2% of General Fund expenditures and transfers out.

General Fund revenue at \$204.2 million was higher than the final amended budget. Property tax revenue comprises 73.0% of General Fund budgeted revenue. The General Fund revenue was \$2.5 million more than budget. Property tax increased by \$2.3 million from last year, or 1% from last year, primarily due to increased collections of property taxes on registered motor vehicles and discoveries, which caused property tax revenues to exceed the budget by

approximately \$1 million. Sales tax revenue, which is the second largest revenue source, increased by approximately \$1.3 million from last year to \$22.9 million. This increase is attributed to the continued economic recovery and improved consumer spending activity. Intergovernmental revenue, the third largest revenue source for the General Fund, decreased marginally largely reflecting decreases in Federal and State grant revenue related to the continued budgetary issues at the Federal and State levels due to the slow recovery of the economy. Charges for services, licenses and permits, and miscellaneous revenues were higher than budget.

General Fund expenditures increased by \$6 million from last year to \$198.1 million. Expenditures, without financing uses, were \$10.1 million, or 4.9% under budget, which is consistent with last year at 4% below budget. This is attributed to management's commitment to effectively manage the operating budget by directing departments to reduce non-essential expenditures.

The County Capital Improvement Fund reflected a decrease in fund balance of \$3.8 million. The decrease in the County Capital Project Fund is primarily the result of capital outlays in the amount of \$7.6 million.

The School Capital Improvement Fund reflected an increase in fund balance of \$4.4 million. The school capital project fund increase was primarily the result of the proceeds from installment notes and transfers in to support pay as you go financing.

As of June 30, 2016, the non-major governmental funds of the County reported a combined fund balance of \$15.0 million, an increase of \$1.2 million from last year. This increase is attributable mainly to receipt of sales tax revenues from the Article 46 ¼ cents sales tax, new grant funds and other sources in the various nonmajor governmental funds, and an increase in Impact Fee revenues.

**Proprietary Funds**

The net position of the enterprise funds decreased by \$0.4 million, the ending net position of the enterprise funds totals \$10.8 million.

**General Fund Budgetary Highlights**

The fiscal year 2015-16 original budget totaled \$206.7 million and included a \$1 million increase in the annual appropriation to the County school systems. The County support of schools represents 50.2% of General Fund revenues which provides \$3,697.50 per student for each of the 20,040 students in the two school systems. This represents a \$126.50 per pupil increase from the \$3,571 per pupil approved for fiscal year 2014-15. The County annual appropriation to education places the County at the top of the rankings for per pupil expenditures among the 100 North Carolina counties. The County budget also included a 2% wage increase for County employees.

The County generally amends the budget during the fiscal year. County budget amendments are delineated in one of four categories:

- 1) amendments to revise estimates original budget ordinance and amounts based on new information;
- 2) carryover of funding for outstanding purchase orders at year-end related to significant commitments and projects;
- 3) amendments to recognize new funding amounts from external sources, such as Federal and State grants; and
- 4) amendments to increase appropriations to fund and maintain service delivery requirements.

Fiscal year 2015-16 amendments included an additional appropriation from fund balance during the year of \$1.5 million. The majority of the additional appropriation is from a carryover of encumbrances from fiscal year 2014-15. Total amendments to the General Fund increased appropriations by

approximately \$8.1 million.

**Proprietary Funds**

The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position in the proprietary funds at the end of the fiscal year amounted to \$3.3 million. As previously indicated, the decrease in net position for the proprietary funds was \$0.4 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, 2016 totals \$120.4 million (net of accumulated depreciation). These assets include land, buildings, automotive equipment, office and other equipment, and sewer lines.

Major capital asset transactions during the year include:

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

Additional information on the County's capital assets can be found in Note 6 of the Basic Financial Statements.

**The County Capital Assets**

(Net of depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 13,077,443	\$ 13,077,443	\$ 2,237,356	\$ 2,294,473	\$ 15,314,799	\$ 15,371,916
Land improvements	4,949,636	4,949,636	633,900	594,794	5,583,536	5,544,430
Water resources						
- Lake Orange	481,624	481,624	-	-	481,624	481,624
Buildings	57,884,902	60,694,014	9,753,898	9,005,986	67,638,800	69,700,000
Leasehold improvements	2,302,864	2,473,447	-	-	2,302,864	2,473,447
Sewer lines	-	-	2,192,718	2,279,852	2,192,718	2,279,852
Automotive equipment	1,771,739	1,274,522	2,414,518	2,144,539	4,186,257	3,419,061
Office and other equipment	2,568,476	2,531,917	-	-	2,568,476	2,531,917
Construction in progress	20,073,034	20,910,597	30,144	988,281	20,103,178	21,898,878
<b>Total</b>	<b>\$ 103,109,718</b>	<b>\$ 106,393,200</b>	<b>\$ 17,262,534</b>	<b>\$ 17,307,925</b>	<b>\$ 120,372,252</b>	<b>\$ 123,701,125</b>

### The County's Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligations bonds	\$ 59,280,000	\$ 68,355,000	\$ -	\$ -	\$ 59,280,000	\$ 68,355,000
Installment notes payable	118,995,610	122,631,057	9,799,916	9,980,805	128,795,526	132,611,862
Resolving loan payable	2,533,957	2,679,597	-	-	2,533,957	-
Bond issuance items, net	9,995,850	12,991,366	-	-	9,995,850	12,991,366
Accrued compensated absences	3,681,162	5,074,379	328,643	320,493	4,009,805	5,394,872
Net pension liability - LGERS	2,996,657	(4,088,038)	181,927	(245,655)	3,178,584	(4,333,693)
Separation allowance	839,658	710,738	-	-	839,658	710,738
Post-closure liability	-	-	6,771,215	7,033,046	6,771,215	7,033,046
OPEB liability	35,777,656	33,191,619	2,572,559	2,121,953	38,350,215	35,313,572
<b>Total</b>	<b>\$ 234,100,550</b>	<b>\$ 241,545,718</b>	<b>\$ 19,654,260</b>	<b>\$ 19,210,642</b>	<b>\$ 253,754,810</b>	<b>\$ 258,076,763</b>

#### **Long-Term Debt and Obligations**

As of June 30, 2016, the County had total bonded debt outstanding of \$59.2 million, all of which is debt backed by the full faith and credit of the County.

In addition, the County has several installment notes with a total outstanding balance of \$128.8 million. A summary of total long-term debt and other long-term liabilities is shown in Figure 5. The County's total long-term debt and obligations decreased by \$4.3 million, or 2% during the past fiscal year. The decrease is mainly due to the maturing of outstanding debt.

The County's most recent bond ratings, received in connection with the general obligation refunding bonds issued in December 2016, are shown below:

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

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is approximately \$1.1 billion. The County has \$191 million total net debt applicable to the limit. The County has \$0 in bonds authorized, but unissued, at June 30, 2016.

Additional information regarding the County's long-term debt can be found in Note 7 on pages 49-55 of this report.

#### **Budget Highlights for the Fiscal Year Ending June 30, 2017**

##### **Governmental Activities**

The fiscal year 2016-17 Adopted Budget totals \$215.8 million. This represents an increase of \$9 million or 4.4% increase over the fiscal year 2015-16 budget. The budget includes a 3% wage increase. The County support of schools represents 50.6% of General Fund revenues which increases per pupil spending by \$170.50 from \$3,697 to \$3,868 per pupil for each of the 19,959 students in the two school systems. The County annual appropriation to education places the County at the top of the rankings for per pupil expenditures among the 100 North Carolina counties. The budget was balanced without a property tax rate increase.

Additionally the residents of Orange County in November of 2011 approved the Article 46 ¼ cents sales tax that will be used for school capital projects in both school districts, Orange County School District and Chapel Hill – Carrboro City School District, and to foster economic development in the business development zones of the County. The sales tax revenue is projected to be \$3 million for fiscal year 2016-17.

**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.

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
JUNE 30, 2016**

	Primary Government			Component Unit
	Governmental	Business-type	Total	Orange County
	Activities	Activities		ABC Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 77,315,654	\$ 14,514,011	\$ 91,829,665	\$ 2,450,028
Receivables, net of allowance for uncollectibles	3,227,786	103,562	3,331,348	1,884
Taxes receivable, net of allowance for uncollectibles	2,391,760	-	2,391,760	-
Due from other governments	10,075,123	-	10,075,123	-
Internal balances	136,000	(136,000)	-	-
Inventories	13,668	-	13,668	2,275,249
Prepaid items	3,001	-	3,001	130,600
Restricted cash and cash equivalents	29,584,466	-	29,584,466	-
Net pension asset	253,294	-	253,294	-
Capital assets:				
Non-depreciable	38,581,737	2,324,617	40,906,354	204,088
Depreciable, net of accumulated depreciation	64,527,981	14,937,917	79,465,898	5,020,509
Total assets	<u>226,110,470</u>	<u>31,744,107</u>	<u>257,854,577</u>	<u>10,082,358</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	3,457,953	208,835	3,666,788	91,049
Total deferred outflows of resources	<u>3,457,953</u>	<u>208,835</u>	<u>3,666,788</u>	<u>91,049</u>
<b>LIABILITIES</b>				
Accounts payable	5,408,328	826,853	6,235,181	557,478
Accrued liabilities	4,161,553	379,961	4,541,514	509,341
Customer deposits	-	212,220	212,220	-
Interest payable	2,042,352	-	2,042,352	-
Claims and judgements payable	1,636,756	-	1,636,756	-
Landfill post-closure liability, due within one year	-	200,353	200,353	-
Landfill post-closure liability, due in more than one year	-	6,570,862	6,570,862	-
Installment notes, due within one year	11,185,806	941,080	12,126,886	76,500
Installment notes, due in more than one year	107,809,804	8,858,836	116,668,640	1,071,873
Bonds payable, due within one year	8,850,000	-	8,850,000	-
Bonds payable, due in more than one year	60,425,850	-	60,425,850	-
Revolving loan, due within one year	145,640	-	145,640	-
Revolving loan, due in more than one year	2,388,317	-	2,388,317	-
Compensated absences, due within one year	2,208,697	129,188	2,337,885	-
Compensated absences, due in more than one year	1,472,465	199,455	1,671,920	-
Net pension obligation, due in more than one year	839,658	-	839,658	-
Net pension liability, due in more than one year	2,996,657	181,927	3,178,584	102,102
Net OPEB obligation, due in more than one year	35,777,656	2,572,559	38,350,215	-
Total liabilities	<u>247,349,539</u>	<u>21,073,294</u>	<u>268,422,833</u>	<u>2,317,294</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned tax revenue	402,662	-	402,662	-
Pension related items	1,567,465	94,558	1,662,023	50,846
Total deferred inflows of resources	<u>1,970,127</u>	<u>94,558</u>	<u>2,064,685</u>	<u>50,846</u>
<b>NET POSITION</b>				
Net investment in capital assets	23,190,053	7,462,618	30,652,671	4,076,224
Restricted for:				
Stabilization by State Statute	13,686,337	-	13,686,337	-
Public safety	1,590,761	-	1,590,761	-
Human services	2,533,694	-	2,533,694	-
Community services	3,160,345	-	3,160,345	549,400
Education	10,266,810	-	10,266,810	-
Capital projects	5,673,899	-	5,673,899	-
Unrestricted	(79,853,142)	3,322,472	(76,530,670)	3,179,643
Total net position	<u>\$ (19,751,243)</u>	<u>\$ 10,785,090</u>	<u>\$ (8,966,153)</u>	<u>\$ 7,805,267</u>

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

# ORANGE COUNTY, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Community services	\$ 11,798,260	\$ 5,425,830	\$ 680,124	\$ -
General government	22,439,461	2,820,533	815,769	1,059,278
Public safety	28,476,942	5,114,784	811,572	-
Human services	46,087,661	2,096,583	22,668,029	-
Education	85,679,979	-	1,443,135	-
Support services	11,344,246	320,836	-	-
Interest on long-term debt	3,933,332	-	-	-
Total governmental activities	209,759,881	15,778,566	26,418,629	1,059,278
Business-type activities:				
Solid waste	10,280,177	8,198,902	-	-
Sportsplex	3,420,624	3,308,555	-	-
Efland	430,846	212,073	-	-
Total business-type activities	14,131,647	11,719,530	-	-
Total primary government	\$ 223,891,528	\$ 27,498,096	\$ 26,418,629	\$ 1,059,278
Component Unit:				
Orange County ABC Board	\$ 17,809,958	\$ 18,695,861	\$ -	\$ -
Total component unit	\$ 17,809,958	\$ 18,695,861	\$ -	\$ -
General revenues:				
Ad valorem taxes				
Sales and use taxes				
Occupancy taxes				
Other taxes				
Investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues				
Change in net position				
Net position, beginning of year, restated				
Net position, end of year				

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

**Net (Expenses) Revenues and  
Changes in Net Position**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Orange County ABC Board
\$ (5,692,306)	\$ -	\$ (5,692,306)	\$ (5,692,306)
(17,743,881)	-	(17,743,881)	(17,743,881)
(22,550,586)	-	(22,550,586)	(22,550,586)
(21,323,049)	-	(21,323,049)	(21,323,049)
(84,236,844)	-	(84,236,844)	(84,236,844)
(11,023,410)	-	(11,023,410)	(11,023,410)
(3,933,332)	-	(3,933,332)	(3,933,332)
<u>(166,503,408)</u>	<u>-</u>	<u>(166,503,408)</u>	<u>(166,503,408)</u>
-	(2,081,275)	(2,081,275)	(4,162,550)
-	(112,069)	(112,069)	(224,138)
-	(218,773)	(218,773)	(437,546)
<u>-</u>	<u>(2,412,117)</u>	<u>(2,412,117)</u>	<u>(4,824,234)</u>
\$ (166,503,408)	\$ (2,412,117)	\$ (168,915,525)	\$ (171,327,642)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 885,903</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 885,903</u>
\$ 153,059,233	\$ -	\$ 153,059,233	\$ -
26,207,817	-	26,207,817	-
1,477,669	-	1,477,669	-
26,745	-	26,745	-
267,113	25,837	292,950	-
-	136,718	136,718	-
<u>(1,834,548)</u>	<u>1,834,548</u>	<u>-</u>	<u>-</u>
<u>179,204,029</u>	<u>1,997,103</u>	<u>181,201,132</u>	<u>-</u>
12,700,621	(415,014)	12,285,607	885,903
(32,451,864)	11,200,104	(21,251,760)	6,919,364
<u>\$ (19,751,243)</u>	<u>\$ 10,785,090</u>	<u>\$ (8,966,153)</u>	<u>\$ 7,805,267</u>

**ORANGE COUNTY, NORTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	General Fund	County Capital Improvements Fund	School Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 61,822,691	\$ -	\$ -	\$ 12,530,689	\$ 74,353,380
Taxes receivable, net	2,208,316	-	-	183,444	2,391,760
Accounts receivable	512,636	-	-	2,714,913	3,227,549
Due from other governments	10,075,123	-	-	-	10,075,123
Due from other funds	136,000	-	-	-	136,000
Inventory	13,668	-	-	-	13,668
Prepaid items	3,001	-	-	-	3,001
Restricted cash and cash equivalents	-	19,096,531	10,487,935	-	29,584,466
Total assets	<u>\$ 74,771,435</u>	<u>\$ 19,096,531</u>	<u>\$ 10,487,935</u>	<u>\$ 15,429,046</u>	<u>\$ 119,784,947</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,908,460	\$ 989,810	\$ 221,125	\$ 201,835	\$ 5,321,230
Accrued payroll and withholdings	2,359,466	-	-	91,516	2,450,982
Accrued liabilities	1,658,621	-	-	-	1,658,621
Prepaid fees	34,889	-	-	-	34,889
Total liabilities	<u>7,961,436</u>	<u>989,810</u>	<u>221,125</u>	<u>293,351</u>	<u>9,465,722</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - ad valorem taxes	1,941,150	-	-	143,609	2,084,759
Unavailable revenue - intergovernmental	-	-	-	15,000	15,000
Unearned revenue - prepaid taxes	402,662	-	-	-	402,662
Total deferred inflows of resources	<u>2,343,812</u>	<u>-</u>	<u>-</u>	<u>158,609</u>	<u>2,502,421</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	13,668	-	-	-	13,668
Prepaid items	3,001	-	-	-	3,001
Restricted:					
Stabilization by State Statute	12,144,573	-	-	1,541,764	13,686,337
Public safety	-	-	-	1,590,761	1,590,761
Human services	-	-	-	2,533,694	2,533,694
Community services	-	-	-	3,160,345	3,160,345
Education	-	-	10,266,810	-	10,266,810
Capital projects	-	18,106,721	-	5,673,899	23,780,620
Committed:					
Health benefits	7,543,841	-	-	-	7,543,841
Human services	-	-	-	35,122	35,122
Assigned:					
Use in subsequent fiscal year	12,726,944	-	-	-	12,726,944
Capital projects	-	-	-	146,144	146,144
Human services	-	-	-	228,063	228,063
Community services	-	-	-	67,294	67,294
Unassigned	32,034,160	-	-	-	32,034,160
Total fund balances	<u>64,466,187</u>	<u>18,106,721</u>	<u>10,266,810</u>	<u>14,977,086</u>	<u>107,816,804</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 74,771,435</u>	<u>\$ 19,096,531</u>	<u>\$ 10,487,935</u>	<u>\$ 15,429,046</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	101,552,799
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	2,099,759
The net pension liability (assets), net pension obligations, and related deferred inflows and outflows of resources are resources related to the County's defined benefit pension plans which are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(1,692,533)
Internal service funds are used by the County to charge costs to other funds. The assets and liabilities are included in the governmental activities.	704,180
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(230,232,252)
Net position of governmental activities:	<u>\$ (19,751,243)</u>

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

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>County Capital Improvements Fund</u>	<u>School Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Property taxes	\$ 148,167,340	\$ -	\$ -	\$ 5,371,928	\$ 153,539,268
Sales tax	22,992,165	-	-	3,215,652	26,207,817
Other taxes	-	-	-	1,504,414	1,504,414
Intergovernmental revenues	20,502,657	933,516	-	5,566,505	27,002,678
Charges for services	10,221,627	-	-	565,518	10,787,145
Investment earnings	151,392	69,644	24,740	21,337	267,113
License and permits	313,275	-	-	2,851,461	3,164,736
Miscellaneous	1,802,553	86,995	-	358,599	2,248,147
Total revenues	<u>204,151,009</u>	<u>1,090,155</u>	<u>24,740</u>	<u>19,455,414</u>	<u>224,721,318</u>
<b>Expenditures</b>					
Current:					
Community services	10,260,958	-	-	1,719,715	11,980,673
General government	9,369,732	-	-	-	9,369,732
Public safety	22,306,159	-	-	6,090,679	28,396,838
Human services	39,597,192	-	-	7,172,016	46,769,208
Education	78,837,341	-	5,321,008	1,521,630	85,679,979
Support services	11,661,104	-	-	-	11,661,104
Capital outlay	-	7,580,903	-	-	7,580,903
Debt service:					
Principal retirements	19,519,042	-	-	530,739	20,049,781
Interest and fiscal charges	6,594,944	148,604	-	123,711	6,867,259
Total expenditures	<u>198,146,472</u>	<u>7,729,507</u>	<u>5,321,008</u>	<u>17,158,490</u>	<u>228,355,477</u>
Excess (deficiency) of revenues over expenditures	<u>6,004,537</u>	<u>(6,639,352)</u>	<u>(5,296,268)</u>	<u>2,296,924</u>	<u>(3,634,159)</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	32,167	-	-	-	32,167
Transfers in	1,762,600	703,227	5,167,984	646,939	8,280,750
Transfers out	(8,352,698)	-	-	(1,762,600)	(10,115,298)
Installment notes issued	-	2,098,408	4,556,750	-	6,655,158
Total other financing sources (uses)	<u>(6,557,931)</u>	<u>2,801,635</u>	<u>9,724,734</u>	<u>(1,115,661)</u>	<u>4,852,777</u>
Net change in fund balances	(553,394)	(3,837,717)	4,428,466	1,181,263	1,218,618
<b>Fund balances, beginning of year</b>	<u>65,019,581</u>	<u>21,944,438</u>	<u>5,838,344</u>	<u>13,795,823</u>	<u>106,598,186</u>
<b>Fund balances, end of year</b>	<u>\$ 64,466,187</u>	<u>\$ 18,106,721</u>	<u>\$ 10,266,810</u>	<u>\$ 14,977,086</u>	<u>\$ 107,816,804</u>

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

# ORANGE COUNTY, NORTH CAROLINA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	1,218,618
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. This is the amount by which depreciation exceeded capital outlay in the current period.		(291,836)
The net effect of various miscellaneous transactions involving capital assets (i.e., donations, sales and transfers of assets to enterprise funds) is to decrease net position.		(3,572,190)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(465,035)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		13,394,623
Internal service funds are used by management to charge the costs of the City's insurance plan to individual funds. The net expense of the internal service fund is reported within governmental activities.		150,065
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>2,266,376</u>
Change in net position - governmental activities	\$	<u>12,700,621</u>

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

**ORANGE COUNTY, NORTH CAROLINA**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 147,096,332	\$ 147,096,332	\$ 148,167,340	\$ 1,071,008
Sales tax	20,652,132	20,652,132	22,992,165	2,340,033
Intergovernmental revenue	15,288,006	21,503,823	20,502,657	(1,001,166)
Charges for services	10,192,160	10,265,687	10,221,627	(44,060)
Investment earnings	52,499	52,499	151,392	98,893
License and permits	313,000	313,000	313,275	275
Miscellaneous	1,453,610	1,747,590	1,783,142	35,552
Total revenues	<u>195,047,739</u>	<u>201,631,063</u>	<u>204,131,598</u>	<u>2,500,535</u>
<b>Expenditures</b>				
Current:				
Community service	12,701,367	13,136,592	10,260,958	2,875,634
General government	10,017,348	10,408,112	9,339,595	1,068,517
Public safety	23,316,875	23,894,518	22,306,159	1,588,359
Human services	36,377,062	42,663,146	39,597,192	3,065,954
Education	78,837,341	78,837,341	78,837,341	-
Support services	13,470,911	12,373,595	11,661,104	712,491
Debt service:				
Principal retirements	20,004,170	20,004,170	19,519,042	485,128
Interest	6,909,523	6,909,523	6,594,944	314,579
Total expenditures	<u>201,634,597</u>	<u>208,226,997</u>	<u>198,116,335</u>	<u>10,110,662</u>
Excess (deficiency) of revenues over expenditures	<u>(6,586,858)</u>	<u>(6,595,934)</u>	<u>6,015,263</u>	<u>12,611,197</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	25,000	25,000	32,167	7,167
Transfers in	1,052,600	1,052,600	1,762,600	710,000
Transfers out	(5,141,512)	(6,634,679)	(8,352,698)	(1,718,019)
Appropriated fund balance	10,650,770	12,153,013	-	(12,153,013)
Total other financing sources	<u>6,586,858</u>	<u>6,595,934</u>	<u>(6,557,931)</u>	<u>(13,153,865)</u>
Net change in fund balances	-	-	(542,668)	(542,668)
<b>Fund balances, beginning of year</b>	<u>65,008,264</u>	<u>65,008,264</u>	<u>65,008,264</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 54,357,494</u>	<u>\$ 52,855,251</u>		<u>\$ (542,668)</u>

Reconciliation to the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance:

Piedmont Agriculture Food Processing Fund :	
Fund balance, beginning of year	30,728
Net change in fund balance	(30,137)
Community Loan Fund :	
Fund balance, beginning of year	(19,411)
Net change in fund balance	19,411
	<u>\$ 64,466,187</u>

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

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016**

ASSETS	Solid Waste Landfill Fund	SportsPlex Fund	Nonmajor Fund		Totals	Internal Service Funds
			Efland Sewer Operating Fund			
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 13,087,047	\$ 1,225,919	\$ 201,045	\$	14,514,011	\$ 2,962,274
Accounts receivable, net of allowances	95,851	7,711	-		103,562	237
Total current assets	13,182,898	1,233,630	201,045		14,617,573	2,962,511
<b>CAPITAL ASSETS</b>						
Nondepreciable	1,452,747	814,753	57,117		2,324,617	-
Depreciable, net of accumulated depreciation	6,573,025	6,172,174	2,192,718		14,937,917	1,556,919
Total noncurrent assets	8,025,772	6,986,927	2,249,835		17,262,534	1,556,919
Total assets	21,208,670	8,220,557	2,450,880		31,880,107	4,519,430
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related items	208,835	-	-		208,835	-
Total deferred outflows of resources	208,835	-	-		208,835	-
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	716,591	83,651	26,611		826,853	87,098
Accrued liabilities	78,025	193,318	108,618		379,961	17,061
Payroll withholdings	179,163	33,057	-		212,220	-
Claims payable	-	-	-		-	1,148,171
Due to other funds	-	-	136,000		136,000	-
Installment contracts, current	449,352	491,728	-		941,080	413,231
Landfill post-closure, current	200,353	-	-		200,353	-
Compensated absences payable, current	129,188	-	-		129,188	-
	1,752,672	801,754	271,229		2,825,655	1,665,561
<b>NONCURRENT LIABILITIES</b>						
Installments contracts	4,898,742	3,960,094	-		8,858,836	2,149,689
Landfill post-closure	6,570,862	-	-		6,570,862	-
Compensated absences payable	199,455	-	-		199,455	-
Net pension liability	181,927	-	-		181,927	-
Net OPEB obligation	2,572,559	-	-		2,572,559	-
Total noncurrent liabilities	14,423,545	3,960,094	-		18,383,639	2,149,689
Total liabilities	16,176,217	4,761,848	271,229		21,209,294	3,815,250
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related items	94,558	-	-		94,558	-
Total deferred inflows of resources	94,558	-	-		94,558	-
<b>NET POSITION</b>						
Net investment in capital assets	2,677,678	2,535,105	2,249,835		7,462,618	(1,006,001)
Unrestricted	2,469,052	923,604	(70,184)		3,322,472	1,710,181
Total net position	\$ 5,146,730	\$ 3,458,709	\$ 2,179,651	\$	10,785,090	\$ 704,180

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

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Solid Waste Landfill Fund</b>	<b>SportsPlex Fund</b>	<b>Nonmajor Fund Efland Sewer Operating Fund</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 8,198,902	\$ 3,308,555	\$ 212,073	\$ 11,719,530	\$ -
Other operating revenues	-	-	-	-	726,305
Employee contributions	-	-	-	-	9,977,633
<b>Total operating revenues</b>	<b>8,198,902</b>	<b>3,308,555</b>	<b>212,073</b>	<b>11,719,530</b>	<b>10,703,938</b>
<b>OPERATING EXPENSES</b>					
Landfill	5,975,652	-	-	5,975,652	-
Administrative and general	2,882,602	2,897,832	320,277	6,100,711	143,456
Operations and maintenance	-	-	23,435	23,435	3,625
Depreciation	1,213,997	321,159	87,134	1,622,290	776,390
Claims and payments to third party administrators	-	-	-	-	9,816,670
<b>Total operating expenses</b>	<b>10,072,251</b>	<b>3,218,991</b>	<b>430,846</b>	<b>13,722,088</b>	<b>10,740,141</b>
Operating income (loss)	(1,873,349)	89,564	(218,773)	(2,002,558)	(36,203)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Contributions	-	-	-	-	255,826
Investment earnings	25,321	-	516	25,837	3,403
Gain on disposal of capital assets	136,718	-	-	136,718	-
Interest expense	(207,926)	(201,633)	-	(409,559)	(72,961)
<b>Total non-operating revenue (expenses)</b>	<b>(45,887)</b>	<b>(201,633)</b>	<b>516</b>	<b>(247,004)</b>	<b>186,268</b>
Income (loss) before transfers	(1,919,236)	(112,069)	(218,257)	(2,249,562)	150,065
Transfers in	1,718,018	-	116,530	1,834,548	-
Change in net position	(201,218)	(112,069)	(101,727)	(415,014)	150,065
<b>Net position, beginning of year, restated</b>	<b>5,347,948</b>	<b>3,570,778</b>	<b>2,281,378</b>	<b>11,200,104</b>	<b>554,115</b>
<b>Net position, end of year</b>	<b>\$ 5,146,730</b>	<b>\$ 3,458,709</b>	<b>\$ 2,179,651</b>	<b>\$ 10,785,090</b>	<b>\$ 704,180</b>

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

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Solid Waste Landfill Fund	SportsPlex Fund	Nonmajor Fund Efland Sewer Operating Fund	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 8,661,102	\$ 3,448,564	\$ 212,073	\$ 12,321,739	\$ 10,703,701
Payments to suppliers	(3,327,612)	(1,613,381)	(293,064)	(5,234,057)	(9,198,369)
Payments to employees	(4,483,507)	(1,158,097)	-	(5,641,604)	-
Net cash provided by (used in) operating activities	<u>849,983</u>	<u>677,086</u>	<u>(80,991)</u>	<u>1,446,078</u>	<u>1,505,332</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	1,718,018	-	116,530	1,834,548	-
Net cash provided by non-capital financing activities	<u>1,718,018</u>	<u>-</u>	<u>116,530</u>	<u>1,834,548</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases and acquisition of capital assets	(1,409,756)	(167,143)	-	(1,576,899)	(1,356,934)
Proceeds from capital grants	-	-	-	-	370,354
Proceeds from sale of capital assets	136,718	-	-	136,718	-
Proceeds from issuance of debt	708,453	-	-	708,453	786,420
Principal payments on long-term debt	(372,806)	(516,536)	-	(889,342)	(247,884)
Interest paid	(198,493)	(237,621)	-	(436,114)	(64,827)
Net cash (used in) capital and related financing activities	<u>(1,135,884)</u>	<u>(921,300)</u>	<u>-</u>	<u>(2,057,184)</u>	<u>(512,871)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	25,321	-	516	25,837	3,403
Net cash provided by investing activities	<u>25,321</u>	<u>-</u>	<u>516</u>	<u>25,837</u>	<u>3,403</u>
Net increase (decrease) in cash and cash equivalents	1,457,438	(244,214)	36,055	1,249,279	995,864
Cash and cash equivalents, beginning of year	11,629,609	1,470,133	164,990	13,264,732	1,966,410
Cash and cash equivalents, end of year	<u>\$ 13,087,047</u>	<u>\$ 1,225,919</u>	<u>\$ 201,045</u>	<u>\$ 14,514,011</u>	<u>\$ 2,962,274</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (1,873,349)	\$ 89,564	\$ (218,773)	\$ (2,002,558)	\$ (36,203)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	1,213,997	321,159	87,134	1,622,290	776,390
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
Decrease (increase) in accounts receivable	462,200	140,009	-	602,209	(237)
Decrease in other assets	-	-	-	-	79,374
Increase (decrease) in accounts payable	488,480	35,790	(57,345)	466,925	(36,136)
Increase (decrease) in accrued payroll withholdings	(30,654)	5,796	-	(24,858)	-
Increase in accrued liabilities	901	84,768	108,618	194,287	-
Decrease in advances from other funds	-	-	(625)	(625)	-
Increase in post-closure liability	205,782	-	-	205,782	-
Increase in compensated absences payable	8,150	-	-	8,150	-
Increase in claims payable	-	-	-	-	722,144
Decrease in pension related items	(76,130)	-	-	(76,130)	-
Increase in net OPEB obligation	450,606	-	-	450,606	-
Net cash provided by (used in) operating activities	<u>\$ 849,983</u>	<u>\$ 677,086</u>	<u>\$ (80,991)</u>	<u>\$ 1,446,078</u>	<u>\$ 1,505,332</u>

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

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

**JUNE 30, 2016**

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<b>ASSETS</b>	<b>Agency Funds</b>
Cash and cash equivalents	\$ 1,073,827
Taxes receivable	298,035
Other receivable	<u>115,481</u>
Total assets	<u>\$ 1,487,343</u>
<b>LIABILITIES</b>	
Due to others	\$ 1,189,308
Uncollected taxes	<u>298,035</u>
Total liabilities	<u>\$ 1,487,343</u>

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

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Orange County, North Carolina (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

#### A. Reporting Entity

Orange County, North Carolina (the "County"), was founded in 1752 and is located in the northcentral 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.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of their operational and financial relationship with the County. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

#### Discretely Presented Component Unit

The Orange County Alcoholic Beverage Control Board (the "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 surpluses to the General Fund of the County. Complete separate 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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. 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. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable. *The* statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the County's capital assets.

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 those 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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers most revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes which use a 60 day period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, individual major funds are reported as separate columns in the fund financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Property Revaluation Fund is a legally budgeted fund under North Carolina General Statutes, which for reporting purposes is presented in the General Fund.

The **County Capital Improvements** fund is used to account for the financial resources used the acquisition, renovation, and improvement of public facilities.

The **School Capital Improvements** fund is used to account for the financial resources used the construction, acquisition, and renovation of public school facilities.

The County reports the following major enterprise funds:

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

The **SportsPlex Fund** accounts for the operation, maintenance and development of the Triangle SportsPlex.

Additionally, the County reports the following fund types:

The **special revenue funds** are used to account for specific revenues, such as various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The **capital projects funds** account for financial resources to be used for the acquisition and construction of major capital projects

The **enterprise fund** accounts for the maintenance and development of the County's sewer system in Efland.

The **internal service funds** account for the County's partially self-insured health and dental benefits plan which charges the other funds of the County for the insurance claims and the County's vehicle replacement fund which is used to account for the County's fleet expansion.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

In accounting and reporting for its proprietary operations, the government applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which did not conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any inter-fund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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. 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 enterprise funds include the cost of these goods 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.

#### D. Budgets

Annual appropriated budgets are adopted for all funds, with the exception of capital projects funds, the Community Development Fund, Grant Projects Fund, and the Adoption Enhancement Fund, for which project length budgets are adopted. Additionally, the County did not adopt a budget for the Sheriff Forfeitures Fund, Recreation Subdivision Fund, Heusner Fund, Library Development Fund, County Capital Reserve Fund, the School Capital Reserve Fund, Piedmont Agriculture Food Processing Fund, or the Community Loan Fund. In accordance with State law, the budgets adopted for the enterprise funds are adopted on the modified accrual basis of accounting, and a reconciliation is provided along with the budget schedule to reconcile from the modified accrual basis to the accrual basis. The governmental funds' budgets are adopted on a basis other than accounting principles generally accepted in the United States of America. Budgets are adopted to show use of fund balance as other financing sources for both governmental and proprietary funds, as well as the proprietary funds are budgeted on the modified accrual basis of accounting. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General fund, special revenue funds, and the enterprise funds. During the fiscal year ended June 30, 2016, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All budget appropriations lapse at the end of each year.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. Deposits

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. The County pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Any deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of State or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

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 securities of the NCCMT- Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

#### F. Restricted cash and cash equivalents

The County has restricted cash and cash equivalents related to unspent proceeds from long-term debt issued by the County Capital Improvements and School Capital Improvements Fund. These proceeds are held to be disbursed as costs are incurred on the financed construction projects.

#### G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. 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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2015.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Allowances

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

#### I. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances."

#### J. Inventories

All inventories are valued at average cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories of the enterprise funds are recorded as expenses when consumed rather than when purchased.

#### K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items in both government-wide and fund financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset 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 of the County are depreciated using the straight line method over the following estimated useful lives:

Buildings and land improvements	20-30 years
Automotive equipment	3-5 years
Office and other equipment	5-20 years
Sewer lines	40 years

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County reports two types of deferred outflow of resources related to the reporting of the net pension liability. One such deferred outflow of resources being recognized is a deferred outflow of resources for the County's actual contributions to the pension plan during the fiscal year ended June 30, 2016, which was subsequent to the measurement date of the net pension liability. The deferred outflows will be applied to future measurement periods. Additionally, the difference between the County's actual contributions towards the pension plan and the County's proportionate share of contributions is reported as a deferred outflow of resources to be amortized over the remaining service period of plan members.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three (3) items that qualify for reporting in this category which occurs in the governmental activities and in the individual proprietary funds. The County reports a deferred inflow of resources for the: (1) difference between expected and actual experience of the pension plan, (2) net difference between projected and actual investment earnings on the pension plan assets, and (3) property taxes paid in advance of the period they were intended to finance. The difference between projected and actual investment earnings on the pension assets will be amortized over five years, while the difference between expected and actual experience will be amortized over the remaining service period of plan members. Additionally, the County reports one (1) item which is reported as a deferred inflow of resources which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the accrual of ad valorem taxes and intergovernmental revenues which are earned by the County but are not considered available for the liquidation of current expenditures. Additionally, deferred inflows of resources are reported for outstanding lien receivables which are not collected within 90 days of the County's fiscal year-end.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **N. 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. 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. Sick leave does not vest with employees and therefore the County does not report a liability for unused sick leave.

#### **O. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types 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 type statement of net position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **P. Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. Fund Equity (Continued)

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

*Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. One component of the restricted fund balance of the General Fund relates to the Stabilization by State Statute (*G.S. 159-8(a)*) which requires total fund balance less the fund balance available for appropriation equals the total amount that must be restricted.

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the County's Board of Commissioners. Approval of a resolution after a formal vote of the County's Board is required to establish a commitment of fund balance. Similarly, the County's Board may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

*Assigned* – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The County's Board of Commissioners, through County Ordinance, has expressly delegated to the County Manager the authority to assign funds for particular purposes.

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. Fund Equity (Continued)

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

**Net Position** – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets.

Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. As with many counties in the State of North Carolina, the County’s deficit in unrestricted net position is due primarily to the portion of the County’s outstanding general obligation and installment debt totaling approximately \$92.8 million incurred for the Orange County Board of Education and Chapel Hill-Carrboro City Board 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.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### Q. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and the Register of Deeds’ Supplemental Pension Fund (RODSPF) and additions to/deductions from LGERS’ and RODSPF’s fiduciary net position have been determined on the same basis as they are reported by LGERS and RODSPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### R. Management 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 the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$230,232,252 difference are as follows:

Installment notes	\$ (116,432,690)
Bonds payable	(69,275,850)
Revolving loan payable	(2,533,957)
Accrued interest payable	(2,042,352)
Claims payable, not accounted for in an internal service fund	(488,585)
Compensated absences (i.e., vacation)	(3,681,162)
Net OPEB obligation	<u>(35,777,656)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (230,232,252)</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Another element of that reconciliation explains that “the net pension liability (asset), net pension obligation and related deferred inflows and outflows of resources related to the County’s defined benefit pension plans are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.” The details of this \$1,692,533 difference are as follows:

Net pension obligation - Special Separation Allowance	
Law Enforcement Officers' Pension Plan	\$ (839,658)
Net pension liability - LGERS	(2,996,657)
Deferred outflows of resources - LGERS:	
Changes in proportion and differences between contributions and proportionate share of contributions	516,908
Contributions subsequent to measurement date	2,918,410
Deferred inflows of resources - LGERS:	
Net differences between projected and actual earnings - pension investments	(853,143)
Difference between expected and actual experience	(704,391)
Net pension asset - Register of Deeds Retirement Plan	253,294
Deferred outflows of resources - Register of Deeds:	
Difference between expected and actual experience	1,246
Net differences between projected and actual earnings - pension investments	12,558
Changes in proportion and differences between contributions and proportionate share of contributions	4,258
Contributions subsequent to measurement date	4,573
Deferred inflows of resources - Register of Deeds:	
Difference between expected and actual experience	(4,197)
Changes in proportion and differences between contributions and proportionate share of contributions	(5,734)
	(5,734)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ (1,692,533)

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 details of this \$291,836 difference are as follows:

Capital outlay	\$ 3,665,641
Depreciation expense	<u>(3,957,477)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ (291,836)</u>

Another element of the reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.” The details of this \$3,572,190 difference are as follows:

Disposal of capital assets	\$ (3,610,957)
Donations of capital assets	<u>38,767</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (3,572,190)</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

#### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$13,394,623 difference are as follows:

Payments on long-term liabilities	\$ 20,049,781
Issuance of installment notes payable	<u>(6,655,158)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ 13,394,623</u></u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$2,266,376 difference are as follows:

Compensated absences (i.e., vacation)	\$ 1,393,217
Change in accrued interest	(61,589)
Amortization of premium	2,995,516
Claims payable, not accounted for in an internal service fund	(488,585)
Net pension liability (asset) and related deferred outflows and inflows - LGERS	1,133,872
Net pension obligation - Special Separation Allowance LEO	(128,920)
Net pension asset and related deferred outflows and inflows- ROD	8,902
Net OPEB obligation	<u>(2,586,037)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ 2,266,376</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

**Expenditures in Excess of Appropriations.** The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the County will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund. Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the County Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

The following is a list of the funds and departments which reported expenditures in excess of approved budgets:

General Fund:	
General government:	
Non-departmental	\$ 207,603
Support services:	
Non-departmental	60,948
Solid Waste Landfill Fund:	
Sanitation	278,971
Efland Sewer Operating Fund:	
Operations	10,141
SportsPlex Fund:	
Debt service	161,891
Vehicle Replacement Fund:	
Operations	3,625
Capital outlay	563,726
Debt service	320,845

The over expended departments were funded through greater than anticipated revenues and other savings noted in other departments within the funds.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

**Deficit Fund Balance.** The Vehicle Replacement Fund is reporting a deficit fund balance as of June 30, 2016 of (\$761,531). This deficit will be recovered as the annual debt service payments are charged out to the participating funds.

### NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2016 are summarized as follows:

Statement of Net Position:

Cash and cash equivalents	\$ 91,829,665
Restricted cash and cash equivalents	29,584,466
	<u>\$ 121,414,131</u>
Cash deposited with financial institutions	\$ 25,335,676
Cash deposited with NCCMT	96,078,455
	<u>\$ 121,414,131</u>

**Credit risk.** State statutes and the County's policies authorize the County to invest in obligations of the State of North Carolina or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the North Carolina Capital Management Trust (NCCMT); and obligations of other political subdivisions of the state of North Carolina. The County does not have a credit rating policy which provides restrictions or limitations on credit ratings for the County's investments.

As of June 30, 2016, the County had \$96,078,455 invested in the NCCMT's cash portfolio which carried a credit rating of AAAM by Standard and Poor's. The NCCMT's cash portfolio is valued using amortized costs. The County has no policy regarding credit risk.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

**Interest rate risk:** The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Custodial credit risk – deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2016, the County’s deposits are insured or collateralized as required by GASB.

### NOTE 5. RECEIVABLES

Receivables at June 30, 2016, for the County’s individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Solid Waste Landfill</u>	<u>SportsPlex</u>	<u>Other Governmental</u>
Receivables:				
Taxes	\$ 3,938,882	\$ -	\$ -	\$ 183,444
Accounts	512,636	99,524	7,711	2,714,913
Due from other governments	10,075,123	-	-	-
Less allowance for uncollectible	<u>(1,730,566)</u>	<u>(3,673)</u>	-	-
Net total receivables	<u>\$ 12,796,075</u>	<u>\$ 95,851</u>	<u>\$ 7,711</u>	<u>\$ 2,898,357</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the County for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Nondepreciable capital assets:				
Land and easements	\$ 18,027,079	\$ -	\$ -	\$ 18,027,079
Intangible rights	481,624	-	-	481,624
Construction in progress	20,910,597	2,731,711	(3,569,274)	20,073,034
Total	<u>39,419,300</u>	<u>2,731,711</u>	<u>(3,569,274)</u>	<u>38,581,737</u>
Capital assets, being depreciated:				
Buildings and improvements	97,323,589	-	-	97,323,589
Leasehold improvements	3,411,653	-	-	3,411,653
Automotive equipment	7,533,935	8,850	(137,588)	7,405,197
Other equipment	9,353,415	963,847	(1,468,242)	8,849,020
Total being depreciated	<u>117,622,592</u>	<u>972,697</u>	<u>(1,605,830)</u>	<u>116,989,459</u>
Less accumulated depreciation for:				
Buildings and improvements	(36,629,575)	(2,809,112)	-	(39,438,687)
Leasehold improvements	(938,206)	(170,583)	-	(1,108,789)
Automotive equipment	(7,235,788)	(92,177)	137,588	(7,190,377)
Other equipment	(6,821,498)	(885,605)	1,426,559	(6,280,544)
Total	<u>(51,625,067)</u>	<u>(3,957,477)</u>	<u>1,564,147</u>	<u>(54,018,397)</u>
Total capital assets, being depreciated, net	<u>65,997,525</u>	<u>(2,984,780)</u>	<u>(41,683)</u>	<u>62,971,062</u>
Governmental activities capital assets, net	<u>\$ 105,416,825</u>	<u>\$ (253,069)</u>	<u>\$ (3,610,957)</u>	<u>\$ 101,552,799</u>
<b>Internal Service Fund:</b>				
Reported in governmental activities:				
Vehicles	\$ 1,896,976	\$ 1,356,934	\$ -	\$ 3,253,910
Less accumulated depreciation	(920,601)	(776,390)	-	(1,696,991)
Total internal service fund capital assets, net	<u>976,375</u>	<u>\$ 580,544</u>	<u>\$ -</u>	<u>1,556,919</u>
Total governmental activities capital assets, net	<u>\$ 106,393,200</u>			<u>\$ 103,109,718</u>

A restatement was required for governmental capital assets as the County determined there were \$521,747 of construction in progress costs which was omitted in prior years. Additionally, the County determined one of the County's jail facilities was not properly previously capitalized. The historical cost of the building and the related accumulated depreciation were understated by \$3,439,839 and \$2,938,196, respectively.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Solid Waste Landfill:</b>				
Nondepreciable capital assets:				
Land	\$ 1,442,890	\$ -	\$ -	\$ 1,442,890
Construction in progress	-	9,857	-	9,857
Total	<u>1,442,890</u>	<u>9,857</u>	<u>-</u>	<u>1,452,747</u>
Capital assets, being depreciated:				
Land improvements	3,956,457	-	-	3,956,457
Buildings	4,906,199	177,839	-	5,084,038
Equipment	10,344,821	1,222,060	(998,029)	10,568,852
Total	<u>19,207,477</u>	<u>1,399,899</u>	<u>(998,029)</u>	<u>19,609,347</u>
Less accumulated depreciation for:				
Land improvements	(3,361,663)	(18,011)	-	(3,379,674)
Buildings	(1,092,624)	(158,689)	-	(1,251,313)
Equipment	(8,366,067)	(1,037,297)	998,029	(8,405,335)
Total	<u>(12,820,354)</u>	<u>(1,213,997)</u>	<u>998,029</u>	<u>(13,036,322)</u>
Total capital assets being depreciated, net	<u>6,387,123</u>	<u>185,902</u>	<u>-</u>	<u>6,573,025</u>
Solid Waste Landfill capital assets, net	<u>\$ 7,830,013</u>	<u>\$ 195,759</u>	<u>\$ -</u>	<u>\$ 8,025,772</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>SporstPlex</b>				
Nondepreciable capital assets:				
Land	\$ 794,466	\$ -	\$ -	\$ 794,466
Construction in progress	988,281	20,287	(988,281)	20,287
Total	<u>1,782,747</u>	<u>20,287</u>	<u>(988,281)</u>	<u>814,753</u>
Capital assets, being depreciated:				
Buildings	7,379,139	-	988,281	8,367,420
Equipment	343,735	146,856	-	490,591
Total	<u>7,722,874</u>	<u>146,856</u>	<u>988,281</u>	<u>8,858,011</u>
Less accumulated depreciation for:				
Buildings	(2,186,728)	(259,519)	-	(2,446,247)
Equipment	(177,950)	(61,640)	-	(239,590)
Total	<u>(2,364,678)</u>	<u>(321,159)</u>	<u>-</u>	<u>(2,685,837)</u>
Total capital assets being depreciated, net	<u>5,358,196</u>	<u>(174,303)</u>	<u>988,281</u>	<u>6,172,174</u>
SportsPlex Fund capital assets, net	<u>\$ 7,140,943</u>	<u>\$ (154,016)</u>	<u>\$ -</u>	<u>\$ 6,986,927</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Efland Sewer Operating Fund:</b>				
Nondepreciable capital assets:				
Land right of way	\$ 57,117	\$ -	\$ -	\$ 57,117
Total	<u>57,117</u>	<u>-</u>	<u>-</u>	<u>57,117</u>
Capital assets, being depreciated:				
Sewer Lines	3,707,847	-	-	3,707,847
Less accumulated depreciation	(1,427,995)	(87,134)	-	(1,515,129)
Total capital assets being depreciated, net	<u>2,279,852</u>	<u>(87,134)</u>	<u>-</u>	<u>2,192,718</u>
Efland Sewer Operating Fund capital assets, net	<u>\$ 2,336,969</u>	<u>\$ (87,134)</u>	<u>\$ -</u>	<u>\$ 2,249,835</u>

## NOTES TO FINANCIAL STATEMENTS

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**NOTE 6. CAPITAL ASSETS (CONTINUED)**

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

Governmental activities:

Community services	\$ 77,369
General government	3,202,109
Public safety	554,324
Human services	85,559
Support services	<u>38,116</u>
Total depreciation expense - governmental activities	<u><u>\$ 3,957,477</u></u>

Business-type activities

Solid Waste Landfill	\$ 1,213,997
SportsPlex	321,159
Efland Sewer Operating	<u>87,134</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,622,290</u></u>

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 68,355,000	\$ -	\$ (9,075,000)	\$ 59,280,000	\$ 8,850,000
Installment notes payable	122,631,057	7,441,578	(11,077,025)	118,995,610	11,185,806
Revolving loan payable	2,679,597	-	(145,640)	2,533,957	145,640
Bond premium	12,991,366	-	(2,995,516)	9,995,850	-
Net pension liability - LGERS	(4,088,038)	10,230,666	(3,145,971)	2,996,657	-
Law enforcement officers'					
SSA pension obligation	710,738	243,276	(114,356)	839,658	-
Compensated absences	5,074,379	2,682,561	(4,075,778)	3,681,162	2,208,697
Claims payable	-	1,010,692	(522,107)	488,585	488,585
Net OPEB obligation	<u>33,191,619</u>	<u>4,799,405</u>	<u>(2,213,368)</u>	<u>35,777,656</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 241,545,718</u>	<u>\$ 26,408,178</u>	<u>\$ (33,364,761)</u>	<u>\$ 234,589,135</u>	<u>\$ 22,878,728</u>
<b>Business-type activities:</b>					
Installment notes	9,980,805	708,453	(889,342)	9,799,916	941,080
Post-closure liability	7,033,046	-	(261,831)	6,771,215	200,353
Net pension liability - LGERS	(245,655)	618,574	(190,992)	181,927	-
Compensated absences	320,493	180,629	(172,479)	328,643	129,188
Net OPEB obligation	<u>2,121,953</u>	<u>598,510</u>	<u>(147,904)</u>	<u>2,572,559</u>	<u>-</u>
Business-type activity					
Long-term liabilities	<u>\$ 19,210,642</u>	<u>\$ 2,106,166</u>	<u>\$ (1,662,548)</u>	<u>\$ 19,654,260</u>	<u>\$ 1,270,621</u>

Beginning balances for the unamortized bond premium was restated by \$1,127,391 as the County was not properly amortizing the bond premiums using the effective interest method and the carrying amount of the premium was overstated. Beginning balances of the post-closure liability was restated by \$1,333,692 to reduce the liability for prior year expenses overstated through the liability.

For governmental funds, compensated absences are liquidated by the General Fund. The net pension liability (asset), law enforcement officers' SSA pension obligation, OPEB obligation, and compensated absences are liquidated primarily by the General Fund. The claims payable liability is liquidated through the General Fund.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**General Obligation Bonds**

All general obligation bonds, serviced by the County’s General Fund, are collateralized by full faith, credit, and taxing power of the County. The outstanding balances for the bonds as of June 30, 2016 are as follows:

<i><b>Governmental activities</b></i>	<u>Balance as of June 30, 2016</u>
\$15,140,000 2015 Refunding serial bond, due in annual installments of \$670,000 to \$5,045,000 through April 1, 2019; interest at 1.63%	\$ 10,095,000
\$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%	14,855,000
\$24,440,000 2011 Refunding serial bond, due in semi-annual installments of \$20,550 to, \$6,890,250 through February 1, 2023; interest at 2.00% to 4.00%	22,950,000
\$13,300,000 2012 Refunding serial bond, due in semi-annual installments through April 30, 2024; interest at 2.00-4.00%	11,380,000
Total outstanding general obligation bonds payable	<u>\$ 59,280,000</u>

Of the amount serviced by the County’s General Fund shown above, \$4,017,691 is considered to be school bond debt.

The debt service to maturity on the general obligation bonds is as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year Ending June 30,			
2017	\$ 8,850,000	\$ 1,867,449	\$ 10,717,449
2018	10,190,000	1,669,305	11,859,305
2019	9,245,000	1,421,571	10,666,571
2020	10,010,000	1,122,700	11,132,700
2021	11,135,000	752,950	11,887,950
2022-2024	9,850,000	403,950	10,253,950
Total	\$ 59,280,000	\$ 7,237,925	\$ 66,517,925

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Installment Notes Payable**

Installment notes serviced by the County enterprise funds are as follows:

	<b>Balance as of June 30, 2016</b>
<b><i>Business-type activities</i></b>	
<b><i>Solid Waste Landfill Fund:</i></b>	
\$38,305,000 2011 Limited obligation bond, due in annual installments of \$106,136 to \$182,211 through October 1, 2027; interest at 2.00% to 5.00%	\$ 1,312,664
\$58,980,000 2012 Limited obligation bond, due in annual installments of \$51,944 to \$213,292 through October 1, 2033; interest at 2.00% to 5.00%	2,408,851
\$20,110,000 2015 Limited obligation bond, due in annual installments of \$13,892 to \$110,360 through April 1, 2035; interest at 2.00% to 5.00%	918,126
Installment note payable, due in annual payments of \$10,948 to \$11,004; interest at 2.55% through May 13, 2031	164,500
Installment note payable, due in annual payments of \$72,686 to \$83,207; interest at 2.30% through May 13, 2023	543,953
<b><i>SportsPlex Fund:</i></b>	
\$38,305,000 2011 Limited obligation bond, due in annual installments of \$67,050 to \$204,630 through October 1, 2027; interest at 2.00% to 5.00%	918,780
\$20,110,000 2015 Limited obligation bond, due in annual installments of \$53,456 to \$424,678 through April 1, 2035; interest at 2.00% to 5.00%	3,533,042
Total outstanding limited obligation bonds payable (installment notes)	\$ 9,799,916

The debt service to maturity on the installment notes payable is as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year Ending June 30,			
2017	\$ 941,080	\$ 404,105	\$ 1,345,185
2018	750,992	372,372	1,123,364
2019	759,328	342,558	1,101,886
2020	768,286	308,850	1,077,136
2021	668,476	274,903	943,379
2022-2026	3,721,356	902,951	4,624,307
2027-2031	1,792,175	231,007	2,023,182
2032-2035	398,223	31,125	429,348
Total	\$ 9,799,916	\$ 2,867,871	\$ 12,667,787

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Installment Notes Payable (Continued)**

The County has various installment notes outstanding for buildings, equipment, and vehicle financing arrangements. The outstanding balances for the notes as of June 30, 2016 are as follows:

	<u>Balance as of June 30, 2016</u>
<b><i>Governmental activities</i></b>	
A Certificate of Participation for \$9,889,439 was issued in January 2011 with annual payments of \$659,296. The note bears an interest rate of 4% to 5% and matures in 2026.	\$ 6,592,960
An installment note issued by BB&T for \$9,000,000 was issued in December 2006 with annual payments of \$600,000. The note bears an interest rate of 4.39% and matures in 2023.	3,600,000
Limited obligation bonds by for \$38,305,000 issued in September 2011 with annual payments of \$2,061,814 to \$4,693,159. The bond bears an interest rate of 2% to 5% and matures in 2028.	26,653,557
Limited obligation bonds by for \$58,980,000 issued in April 2012 with annual payments of \$789,249 to \$4,426,708. The bond bears an interest rate of 2% to 5% and matures in 2034.	43,711,143
\$4,136,434 of Qualified School Construction Bonds, due in annual installments of \$275,762 at 0% interest through March 15, 2025	2,481,861
Limited obligation bonds by for \$20,110,000 issued in June 2015 with annual payments of \$193,055 to \$1,533,714. The bond bears an interest rate of 2% to 5% and matures in 2035.	12,759,496
A note issued by SunTrust Bank for \$2,550,000 was issued in July 2013 with annual payments of \$475,615. The note bears an interest rate of 1.50% and matures in 2018.	951,231
A note issued by SunTrust Bank for \$6,950,000 was issued in July 2013 with annual payments of \$407,536 to \$466,290. The note bears an interest rate of 2.13% and matures in 2028.	5,263,475
	<b><i>Continued</i></b>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Installment Notes (Continued)**

<i>Governmental activities (continued)</i>	<u>Balance as of June 30, 2016</u>
A note issued by Bank of America for \$10,589,000 was issued in January 2014 with annual payments of \$410,838 to \$1,114,477. The note bears an interest rate of 2.42% and matures in 2029.	7,459,130
A note issued by First Bank for \$2,750,000 was issued in May 2016 with annual payments of \$380,052 to \$381,996. The note bears an interest rate of 2.55% and matures in 2031.	5,710,530
A note issued by First Bank for \$5,875,000 was issued in May 2016 with annual payments of \$126,227 to \$144,497. The note bears an interest rate of 2.3% and matures in 2023.	944,630
A note issued by SunTrust Bank for \$500,000 was issued in June 2014 with annual payments of \$99,830 to \$103,294. The note bears an interest rate of 2.25% and matures in 2019.	304,675
A note issued by SunTrust Bank for \$2,550,000 was issued in July 2013 with annual payments of \$34,385. The note bears an interest rate of 1.5% and matures in 2018.	68,770
A note issued by SunTrust Bank for \$6,950,000 was issued in July 2013 with annual payments of \$29,800 to \$33,711. The note bears an interest rate of 2.13% and matures in 2028.	380,527
A note issued by Bank of America for \$10,589,000 was issued in January 2014 with annual payments of \$38,162 to \$103,523. The note bears an interest rate of 2.42% and matures in 2028.	692,869
Limited obligation bonds by for \$20,110,000 issued in June 2015 with annual payments of \$9,598 to \$76,248. The bond bears an interest rate of 2% to 5% and matures in 2035.	634,336
A note issued by First Bank for \$2,750,000 was issued in May 2016 with annual payments of \$105,086 to \$120,296. The note bears an interest rate of 2.55% and matures in 2031.	786,420
<b>Total outstanding installment notes payable</b>	<u><u>\$ 118,995,610</u></u>

Of the original amount serviced by the County's governmental activities shown above, \$52,761,340 is considered to be school related debt.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

The debt service to maturity on the installment notes is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2017	\$ 11,185,806	\$ 4,727,529	\$ 15,913,335
2018	11,708,614	4,333,359	16,041,973
2019	11,323,024	3,899,174	15,222,198
2020	10,500,772	3,452,781	13,953,553
2021	10,208,582	3,036,176	13,244,758
2022-2026	44,359,405	8,933,410	53,292,815
2027-2031	16,956,430	1,909,265	18,865,695
2032-2035	2,752,977	181,225	2,934,202
Total	<u>\$ 118,995,610</u>	<u>\$ 30,472,919</u>	<u>\$ 149,468,529</u>

**State Revolving Loan Serviced by Governmental Funds**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2017	\$ 145,640	\$ 57,452	\$ 203,092
2018	145,640	54,141	199,781
2019	145,640	50,830	196,470
2020	145,640	47,519	193,159
2021	145,640	44,207	189,847
2022-2026	728,200	171,368	899,568
2027-2031	728,200	88,588	816,788
2032-2035	349,357	13,418	362,775
Total	<u>\$ 2,533,957</u>	<u>\$ 527,523</u>	<u>\$ 3,061,480</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

State and Federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites after closure. The County reported a liability for closure and post-closure care in the Solid Waste Landfill Fund of \$6,771,215. The County's municipal solid waste landfill is no longer accepting waste, has been closed and all estimated post-closure costs have been accrued. Phase 1 of the County's construction and demolition landfill continues to accept waste while the remaining phases have not be opened and are not included in the liability estimate. The remaining costs, not yet accrued for the construction and demolition landfill will be recognized over the future life of the landfills as capacity is used. Actual costs may be higher upon completion of the cost estimates, or due to inflation, change in technology, or changes in regulations.

**NOTE 8. INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of June 30, 2016 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Efland Sewer Fund	\$ 136,000
		<u>\$ 136,000</u>

The Efland Sewer Fund has a payable to the General Fund for a reimbursement owed for prior financing sources provided to the fund. The balance is expected to be repaid within one year.

Interfund transfers:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 1,762,600</u>
County Capital Improvements Fund	General Fund	<u>\$ 703,227</u>
School Capital Improvements Fund	General Fund	<u>\$ 5,167,984</u>
Nonmajor governmental funds	General Fund	<u>\$ 646,939</u>
Solid Waste Landfill Fund	General Fund	<u>\$ 1,718,018</u>
Nonmajor enterprise fund	General Fund	<u>\$ 116,530</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS

Orange County participates in three defined benefit pension plans: the Local Governmental Employees' Retirement System (LGERS), Law Enforcement Officers Special Separation Allowance, and the Registers of Deeds' Supplemental Pension Fund (RODSPF). Only the LGERS and RODSPF are funded with qualifying trusts and accounted for by the County under GASB Statement No. 68. The net pension liability and related deferred outflows of resources and deferred inflows of resources for the LGERS and RODSPF are summarized as follows:

	LGERS	RODSPF	Total
Net pension asset	\$ -	\$ 253,294	\$ 253,294
Net pension liability	3,178,584	-	3,178,584
Deferred outflows of resources related to pensions	3,653,099	13,689	3,666,788
Deferred inflows of resources related to pensions	1,652,092	9,931	1,662,023

#### A. Local Governmental Employees' Retirement System

**Plan Description.** Orange County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the state of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Orange County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Orange County's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.67% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Orange County were \$3,104,810 for the year ended June 30, 2016.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

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

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

At June 30, 2016, the County reported a liability of \$3,178,584 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was 0.70825%, which was an increase of 0.01401% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$1,619,068. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 747,154
Net difference between projected and actual earnings on pension plan investments	-	904,938
Changes in proportion and differences between County contributions and proportionate share of contributions	548,289	-
County contributions subsequent to the measurement date	3,104,810	-
Total	\$ 3,653,099	\$ 1,652,092

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

County contributions made subsequent to the measurement date of \$3,104,810 are reported as deferred outflows of resources and will be recognized as an increase of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2017	\$	(886,556)
2018		(886,556)
2019		(886,531)
2020		1,555,840

**Actuarial Assumptions.** The total pension liability as of June 30, 2015 was determined by the December 31, 2014 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**A. Local Governmental Employees' Retirement System (Continued)**

**Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate.**

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

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County's proportionate share of the net pension liability (asset)	\$ 22,164,709	\$ 3,178,584	\$ (12,816,806)

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

**B. Law Enforcement Officers Special Separation Allowance**

**Plan Description.** The Orange County administers a public employee retirement system (the "Separation Allowance"), an agent multiple-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent 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. A separate report is not issued for the Plan.

All full time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2015, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Active plan members	88
Total	97

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### B. Law Enforcement Officers Special Separation Allowance (Continued)

**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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members, and
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

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

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.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The study is performed bi-annually. The actuarial assumptions included: (a) 5.0% investment rate of return (net of administrative expenses), and (b) projected salary increases of 3.50-7.35% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include postemployment benefit increases. The unfunded liability is amortized using the level dollar (closed) method, with a remaining amortization period of 16 years.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**B. Law Enforcement Officers Special Separation Allowance (Continued)**

**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:

	For The Plan Year Ending June 30, 2016
Annual required contribution	\$ 270,196
Interest on net pension obligation	35,537
Adjustments to annual required contribution	<u>(62,457)</u>
Annual pension cost	243,276
Contributions made	<u>(114,356)</u>
Increase in net pension obligation	128,920
Net pension obligation, beginning of year	<u>710,738</u>
Net pension obligation, end of year	<u><u>\$ 839,658</u></u>

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2016	\$ 243,276	\$ 114,356	47.0 %	\$ 839,658
2015	249,922	147,163	58.9	710,738
2014	200,404	170,544	85.1	607,979

As of December 31, 2015, 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 \$3,494,747. The covered payroll (annual payroll of active employees covered by the plan) was \$4,842,049, and the ratio of the UAAL to the covered payroll was 72.17 percent.

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### C. Register of Deeds' Supplemental Pension Fund

**Plan Description.** The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

**Contributions.** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$4,573 for the year ended June 30, 2016.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### C. Register of Deeds' Supplemental Pension Fund

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

At June 30, 2016, the County reported an asset of \$253,294 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was 1.09301%, which was an increase of 0.03663% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of (\$4,535). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,246	\$ 4,197
Net difference between projected and actual earnings on pension plan investments	3,612	-
Changes in proportion and differences between County contributions and proportionate share of contributions	4,258	5,734
County contributions subsequent to the measurement date	4,573	-
Total	\$ 13,689	\$ 9,931

County contributions made subsequent to the measurement date of \$4,573 are reported as deferred outflows of resources and will be recognized as an increase of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2017	\$ 889
2018	(2,775)
2019	(82)
2020	1,153

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### C. Register of Deeds' Supplemental Pension Fund

**Actuarial Assumptions.** The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.2%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### C. Register of Deeds' Supplemental Pension Fund

**Discount rate.** The discount rate used to measure the total pension liability was 5.755%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.**

The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.75 percent) or one percentage point higher (6.755 percent) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (228,527)	\$ (253,294)	\$ (274,608)

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

#### D. Supplemental Retirement Income Plan for Law Enforcement Officers

**Plan Description.** The County contributes to the Supplemental Retirement Income Plan ("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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### D. Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County to 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, 2016 were \$291,096 which consisted of \$234,852 from the County and \$56,244 from the law enforcement officers.

### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

#### Plan Description

Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the "HCB Plan"). The County pays 100 percent of the cost for "maximum retirees" of the County, while "other retirees" are eligible to enroll in the County's insurance plan, but must pay the full cost. Maximum Retirees are defined as meeting one of the following criteria: (1) employee with thirty (30) or more years of service with at least fifteen (15) of those years with the County; (2) employee with twenty-seven (27) or more years of service and three (3) years of prior military service with at least fifteen (15) of those years with the County; or (3) members of the governing board who have a total of sixteen (16) years of service in office. To qualify as an "other retiree," employees must meet one of the two following: (1) have twenty-five (25) to twenty-nine (29) years of service with at least ten (10) with the County or (2) have twenty (20) or more years of qualified service with at least ten (10) years with the County. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The County's Board of Commissioners established and may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

Active participants	902
Retirees and beneficiaries currently receiving benefits	<u>354</u>
Total	<u><u>1,256</u></u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The following is a schedule of funding progress:

Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
12/31/15	\$ -	\$ 83,542,665	\$ 83,542,665	0%	\$ 46,104,742	181.2%

The above schedule of funding progress serves as a surrogate for the funded status and the funding progress of the Plan. See required supplementary information for a history of funding progress which presents a multi-year trend about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Funding Policy

The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County's Board of Commissioners. The County's Plan members pay the full cost for spouse and dependent coverage. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current annual required contribution (ARC) rate is 14.02% of annual covered payroll. For the current year, the County contributed \$2,361,272 or 4.9% of annual covered payroll. The County provides coverage through a self-funded risk financing pool administered by the North Carolina Association of County Commissioners.

#### Employer Contributions

Fiscal Year Ended June 30,	Annual OPEB Cost (AOPEBC)	Actual OPEB Contribution	Percentage of AOPEBC Contributed	Net OPEB Obligation
2016	\$ 5,397,915	\$ 2,361,272	43.7 %	\$ 38,350,215
2015	5,472,316	1,568,004	28.7	35,313,572
2014	5,382,174	4,321,886	80.3	31,409,260

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### Annual OPEB Cost and Net OPEB Obligation

	June 30, 2016
Annual required contribution	\$ 5,374,915
Interest on OPEB obligation	1,412,543
Adjustment to ARC	(1,389,543)
Annual OPEB Cost	5,397,915
Contributions	(2,361,272)
Increase(decrease) in OPEB obligation	3,036,643
Net OPEB obligation at beginning	35,313,572
Net OPEB obligation at end	\$ 38,350,215

#### Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2015. The assumptions used in the December 31, 2015 actuarial valuation are as follows:

Cost Method:	Projected Unit Credit
Discount Rate:	4%
Healthcare Cost Trend Rate:	7.75% - 5%, Ultimate Trend in 2022
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	27 years.
Inflation Rate:	3%

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage. For workers' compensation there is a per occurrence retention of \$750,000. The County provides employee health and dental benefits through a self-insured plan provided by Dogwood Insurance Company (DIC). Claims are administered and paid directly from the plan by DIC. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$6,516,502 and a contract period maximum of \$1,000,000.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State 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 is eligible to purchase coverage of \$1,000,000 per structure through the NFIP. The County also is eligible to and has purchased commercial flood insurance for another \$5,000,000 of coverage per structure.

A limited risk management program is also maintained for employees' health and dental benefits administered by a third-party administrator. Premiums are paid into the Health and Dental Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. During fiscal year 2016, a total of \$488,598 and \$9,471,528 were incurred for benefits and administrative costs for the dental and health plans, respectively.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 11. RISK MANAGEMENT (CONTINUED)**

The County's Internal Service Fund was established to account for an employee self-insurance health benefit program. The purpose of the fund is to pay medical claims of County employees and their covered dependents and minimize the total cost of annual medical insurance to the municipality. Funding is provided by employee contributions and charges to the various funds of the County based upon estimated claim and employee participation. Expected claims are determined annually by the reinsurance carrier. The County carries aggregate stop loss insurance coverage of 125% of annual expected paid claims and individual stop loss coverage of \$100,000 per covered individual and an aggregating specific deductible of \$250,000 through the plan administrator utilizing a reinsurance carrier. The County has recognized a provision for claims incurred, but not reported, in the accompanying financial statements. This provision is estimated based upon actuarial claims history utilizing a two month lag on outstanding claims.

The County participates in the North Carolina Association of County Commissioners' Workers' Compensation Plan for workers' compensation claims up to \$150,000 for each occurrence. The County has reinsurance for all individually claim occurrences in excess of the \$150,000.

The County also purchases commercial insurance to protect against claims for property, general liability, auto liability, public officials, and employee bonds. Claims have not exceeded coverage in the past three years. There have been no significant reductions in insurance coverage in the past three years.

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

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. RISK MANAGEMENT (CONTINUED)

For the Dental and Health Insurance Internal Service Fund, a total of \$9,816,670 in claims and changes in estimates were incurred for benefits during the year ended June 30, 2016. Changes in the fund's claims liability amounts in the years ended June 30, 2016 and 2015, were as follows:

DENTAL AND HEALTH INSURANCE CLAIMS PAYABLE				
Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2016	\$ 426,027	\$ 9,816,670	\$ 9,094,526	\$ 1,148,171
2015	595,970	8,864,611	9,034,554	426,027

WORKERS COMPENSATION CLAIMS PAYABLE				
Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2016	\$ -	\$ 1,010,692	\$ 522,107	\$ 488,585
2015	-	500,303	500,303	-

#### Litigation:

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

#### Grant Contingencies:

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such disallowances, if any, will not be significant.

#### Construction Commitments:

The County has active construction projects as of June 30, 2016. At year-end, the County has contractual commitments on uncompleted contracts of approximately \$1,466,078.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. JOINTLY GOVERNED ORGANIZATIONS

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

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

### NOTE 13. JOINT VENTURES

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

The County makes an annual appropriation to the Authority, but the majority of the funding comes from other sources. During the fiscal year ended June 30, 2016, the County contributed \$1,355,973 to the Authority. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2016. 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 14. RESTATEMENTS

During the current year management determined a restatement was necessary to correct the reporting of the County's accrued post-closure liability for the Solid Waste Landfill Fund as well as business-type activities. The accrued estimate liability has not been reduced in prior years for actual monitoring payments made by the County and thus the liability was overstated and the net position was understated through the recognition of the expense at the time of accrual and disbursement. The restatement is as follows:

	<b>Solid Waste Landfill Fund</b>	<b>Business-type Activities</b>
Net position, as previously reported	\$ 4,014,256	\$ 9,866,412
Recognition of prior monitoring costs not credited to the liability in prior years	1,333,692	1,333,692
Net position, as restated	\$ 5,347,948	\$ 11,200,104

The County determined a restatement was necessary to correct the reporting of long-term financing arrangements related to capital assets reported in the Vehicle Replacement Fund while the financing arrangement was only reported in the governmental activities. As such, the Vehicle Replacement Fund's net position was overstated. There is no restatement to governmental activities as the full capital assets and long-term financing arrangements of the internal service fund were previously reported as a component of the governmental activities. The restatement to the fund is as follows:

	<b>Internal Service Funds Vehicle Replacement Fund</b>
Net position (deficit), as previously reported	\$ (433,041)
Reporting of installment note payable in internal service fund	(51,867)
Net position (deficit), as restated	\$ (484,908)

Additionally, the County determined restatements are necessary to the governmental activities of the County to (1) record the net book value of capital assets which were omitted in prior years and (2) correct the overstated amortization expense associated with the bond premiums on the County's outstanding debt. The effect of the restatements are as follows:

	<b>Governmental Activities</b>
Net position (deficit), as previously reported	\$ (34,602,645)
Capital assets previously omitted, net of accumulated depreciation	1,023,390
Reporting of unamortized bond premiums	1,127,391
Net position (deficit), as restated	\$ (32,451,864)

**REQUIRED SUPPLEMENTARY INFORMATION**

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# ORANGE COUNTY, NORTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
12/31/15	\$ -	\$ 3,494,747	\$ 3,494,747	0.0%	\$ 4,842,049	72.17%
12/31/14	-	2,078,230	2,078,230	0.0%	4,190,815	49.59%
12/31/13	-	2,133,206	2,133,206	0.0%	4,109,125	51.91%

Note: See assumptions used for the Schedule of Funding Progress in Note 9 to the financial statements.

# ORANGE COUNTY, NORTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
12/31/15	\$ -	\$ 83,542,665	\$ 83,542,665	0.0%	\$ 46,104,742	181.20%
12/31/13	-	65,152,273	65,152,273	0.0%	38,892,701	167.52%
12/31/12	-	65,622,232	65,622,232	0.0%	37,343,621	175.73%

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the financial statements.

# ORANGE COUNTY, NORTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) LAST THREE FISCAL YEARS\*

### LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.70825%	0.69420%	0.66320%
County's proportion of the net pension liability (asset) (\$)	\$ 3,178,584	\$ (4,094,256)	\$ 7,994,107
County's covered-employee payroll	\$ 43,233,224	\$ 41,507,819	\$ 39,732,374
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.35%	( 9.86%)	20.12%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# ORANGE COUNTY, NORTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS LAST THREE FISCAL YEARS

### LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2016	2015	2014
Contractually required contribution	\$ 3,104,810	\$ 3,041,550	\$ 2,924,842
Contributions in relation to the contractually required contribution	3,104,810	3,041,550	2,924,842
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 45,272,812	\$ 43,233,224	\$ 41,507,819
Contributions as a percentage of covered-employee payroll	6.86%	7.04%	7.05%

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2016 reported in that schedule:

Valuation date	December 31, 2014
Actuarial cost method	Frozen Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	9 years
Asset valuation method	20% of market value plus 80% of expected actuarial value (not greater than 120% of market value and not less than 80% of market value)
Inflation rate	3.00%
Salary increases	4.25 – 8.55%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

# ORANGE COUNTY, NORTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) LAST THREE FISCAL YEARS\*

### REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension asset (%)	1.09301%	1.05600%	1.11000%
County's proportion of the net pension liability (asset) (\$)	\$ (253,294)	\$ (239,437)	\$ (236,989)
County's covered-employee payroll	\$ 76,112	\$ 70,464	\$ 76,336
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-332.79%	-339.80%	-310.46%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# ORANGE COUNTY, NORTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS LAST THREE FISCAL YEARS

### REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	2016	2015	2014
Contractually required contribution	\$ 4,573	\$ 8,746	\$ 8,625
Contributions in relation to the contractually required contribution	4,573	8,746	8,625
Contribution deficiency (excess)	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 78,416	\$ 76,112	\$ 70,464
Contributions as a percentage of covered-employee payroll	5.83%	11.49%	12.24%

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2016 reported in that schedule:

Valuation date	December 31, 2014
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	30
Asset valuation method	20% of market value plus 80% of expected actuarial value (not greater than 120% of market value and not less than 80% of market value)
Inflation rate	3.00%
Salary increases	4.25 – 7.75%, including inflation
Investment rate of return	5.75%, net of pension plan investment expense, including inflation

## **NONMAJOR GOVERNMENTAL FUNDS**

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### **Special Revenue Funds**

**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.

**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.

**Sheriff Forfeitures Fund** – accounts for Federal and State seizure revenues and the expenditures of those restricted revenues.

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

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

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

**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.

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

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

**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.

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

**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.

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

ASSETS	Special Revenue Funds				
	Local Fire Districts	Grant Supported	Grant Projects	Sheriff Forfeitures	Community Development
Cash and cash equivalents	\$ 1,026,039	\$ 115,569	\$ 773,500	\$ 93,320	\$ 438,886
Accounts receivable	-	-	68,837	-	1,287,756
Taxes receivable	183,444	-	-	-	-
<b>Total assets</b>	<b>\$ 1,209,483</b>	<b>\$ 115,569</b>	<b>\$ 842,337</b>	<b>\$ 93,320</b>	<b>\$ 1,726,642</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 200	\$ 7,994	\$ 55,837	\$ -	\$ 39,248
Payroll withholdings	-	2,601	21,061	-	9,113
<b>Total liabilities</b>	<b>200</b>	<b>10,595</b>	<b>76,898</b>	<b>-</b>	<b>48,361</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - ad valorem	143,609	-	-	-	-
Unavailable revenues - intergovernmental	-	-	15,000	-	-
<b>Total deferred inflows of resources</b>	<b>143,609</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
<b>Restricted:</b>					
Stabilization by State Statute	183,444	-	-	-	-
Public safety	882,230	-	-	93,320	-
Human services	-	104,974	750,439	-	1,678,281
Community services	-	-	-	-	-
Capital projects	-	-	-	-	-
<b>Committed:</b>					
Human services	-	-	-	-	-
<b>Assigned:</b>					
Capital projects	-	-	-	-	-
Human services	-	-	-	-	-
Community services	-	-	-	-	-
<b>Total fund balances</b>	<b>1,065,674</b>	<b>104,974</b>	<b>750,439</b>	<b>93,320</b>	<b>1,678,281</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,209,483</b>	<b>\$ 115,569</b>	<b>\$ 842,337</b>	<b>\$ 93,320</b>	<b>\$ 1,726,642</b>

Special Revenue Funds						
Section 8 Housing	Article 46 Sales Tax	Emergency Telephone System	Visitors Bureau	Spay / Neuter	Adoption Enhancement	Impact Fees
\$ 291,316	\$ 1,961,202	\$ 654,371	\$ 603,890	\$ 67,294	\$ 35,122	\$ 5,673,899
-	945,504	42,431	229,451	-	-	140,934
-	-	-	-	-	-	-
<u>\$ 291,316</u>	<u>\$ 2,906,706</u>	<u>\$ 696,802</u>	<u>\$ 833,341</u>	<u>\$ 67,294</u>	<u>\$ 35,122</u>	<u>\$ 5,814,833</u>
\$ 36,006	\$ 325	\$ 33,353	\$ 28,872	\$ -	\$ -	\$ -
27,247	-	5,807	25,687	-	-	-
<u>63,253</u>	<u>325</u>	<u>39,160</u>	<u>54,559</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	945,504	42,431	229,451	-	-	140,934
-	-	615,211	-	-	-	-
-	-	-	-	-	-	-
-	1,960,877	-	549,331	-	-	-
-	-	-	-	-	-	5,673,899
-	-	-	-	-	35,122	-
-	-	-	-	-	-	-
228,063	-	-	-	-	-	-
-	-	-	-	67,294	-	-
<u>228,063</u>	<u>2,906,381</u>	<u>657,642</u>	<u>778,782</u>	<u>67,294</u>	<u>35,122</u>	<u>5,814,833</u>
<u>\$ 291,316</u>	<u>\$ 2,906,706</u>	<u>\$ 696,802</u>	<u>\$ 833,341</u>	<u>\$ 67,294</u>	<u>\$ 35,122</u>	<u>\$ 5,814,833</u>

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

ASSETS	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Recreation Subdivision	Heusner	Library Development	School Capital Reserve	County Capital Reserve	
Cash and cash equivalents	\$ 513,301	\$ 9,173	\$ 127,663	\$ 113,592	\$ 32,552	\$ 12,530,689
Accounts receivable	-	-	-	-	-	2,714,913
Taxes receivable	-	-	-	-	-	183,444
<b>Total assets</b>	<b>\$ 513,301</b>	<b>\$ 9,173</b>	<b>\$ 127,663</b>	<b>\$ 113,592</b>	<b>\$ 32,552</b>	<b>\$ 15,429,046</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,835
Payroll withholdings	-	-	-	-	-	91,516
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293,351</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues - ad valorem	-	-	-	-	-	143,609
Unavailable revenues - intergovernmental	-	-	-	-	-	15,000
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,609</b>
<b>FUND BALANCES</b>						
Restricted:						
Stabilization by State Statute	-	-	-	-	-	1,541,764
Public safety	-	-	-	-	-	1,590,761
Human services	-	-	-	-	-	2,533,694
Community services	513,301	9,173	127,663	-	-	3,160,345
Capital projects	-	-	-	-	-	5,673,899
Committed:						
Human services	-	-	-	-	-	35,122
Assigned:						
Capital projects	-	-	-	113,592	32,552	146,144
Human services	-	-	-	-	-	228,063
Community services	-	-	-	-	-	67,294
<b>Total fund balances</b>	<b>513,301</b>	<b>9,173</b>	<b>127,663</b>	<b>113,592</b>	<b>32,552</b>	<b>14,977,086</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 513,301</b>	<b>\$ 9,173</b>	<b>\$ 127,663</b>	<b>\$ 113,592</b>	<b>\$ 32,552</b>	<b>\$ 15,429,046</b>

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds				
	Local Fire Districts	Grant Supported	Grant Projects	Sheriff Forfeitures	Community Development
<b>REVENUES</b>					
Property taxes	\$ 5,371,928	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental revenues	-	54,898	764,781	93,225	480,196
Charges for services	-	56,146	-	-	-
License and permits	-	-	-	-	-
Investment earnings	2,162	-	-	95	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>5,374,090</u>	<u>111,044</u>	<u>764,781</u>	<u>93,320</u>	<u>480,196</u>
<b>EXPENDITURES</b>					
Community services	-	-	-	-	-
Public safety	5,212,248	156,840	32,229	-	-
Education	-	-	-	-	-
Human services	-	-	866,247	-	645,607
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>5,212,248</u>	<u>156,840</u>	<u>898,476</u>	<u>-</u>	<u>645,607</u>
Excess (deficiency) of revenues over expenditures	161,842	(45,796)	(133,695)	93,320	(165,411)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	41,196	109,729	-	248,228
Transfers out	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>41,196</u>	<u>109,729</u>	<u>-</u>	<u>248,228</u>
Net change in fund balances	161,842	(4,600)	(23,966)	93,320	82,817
<b>FUND BALANCES, beginning of year</b>	<u>903,832</u>	<u>109,574</u>	<u>774,405</u>	<u>-</u>	<u>1,595,464</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 1,065,674</u>	<u>\$ 104,974</u>	<u>\$ 750,439</u>	<u>\$ 93,320</u>	<u>\$ 1,678,281</u>

**Special Revenue Funds**

<b>Section 8 Housing</b>	<b>Article 46 Sales Tax</b>	<b>Emergency Telephone System</b>	<b>Visitors Bureau</b>	<b>Spay / Neuter</b>	<b>Adoption Enhancement</b>	<b>Impact Fees</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,215,652	-	-	-	-	-
-	-	-	1,477,669	26,745	-	-
4,140,054	-	-	33,351	-	-	-
-	-	509,172	-	-	200	-
-	-	-	-	-	-	2,851,461
512	4,700	1,256	974	117	71	10,143
-	66,000	-	232,739	16,556	19,154	-
<u>4,140,566</u>	<u>3,286,352</u>	<u>510,428</u>	<u>1,744,733</u>	<u>43,418</u>	<u>19,425</u>	<u>2,861,604</u>
-	-	-	1,681,058	38,657	-	-
-	-	689,362	-	-	-	-
-	1,521,630	-	-	-	-	-
4,357,249	1,271,057	-	-	-	23,832	-
-	530,739	-	-	-	-	-
-	123,711	-	-	-	-	-
<u>4,357,249</u>	<u>3,447,137</u>	<u>689,362</u>	<u>1,681,058</u>	<u>38,657</u>	<u>23,832</u>	<u>-</u>
(216,683)	(160,785)	(178,934)	63,675	4,761	(4,407)	2,861,604
247,786	-	-	-	-	-	-
-	-	-	-	(12,600)	-	(1,750,000)
<u>247,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,600)</u>	<u>-</u>	<u>(1,750,000)</u>
31,103	(160,785)	(178,934)	63,675	(7,839)	(4,407)	1,111,604
196,960	3,067,166	836,576	715,107	75,133	39,529	4,703,229
<u>\$ 228,063</u>	<u>\$ 2,906,381</u>	<u>\$ 657,642</u>	<u>\$ 778,782</u>	<u>\$ 67,294</u>	<u>\$ 35,122</u>	<u>\$ 5,814,833</u>

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Recreation		Library	School Capital	County Capital	
	Subdivision	Heusner	Development	Reserve	Reserve	
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,371,928
Sales tax	-	-	-	-	-	3,215,652
Other taxes	-	-	-	-	-	1,504,414
Intergovernmental revenues	-	-	-	-	-	5,566,505
Charges for services	-	-	-	-	-	565,518
License and permits	-	-	-	-	-	2,851,461
Investment earnings	915	-	130	204	58	21,337
Miscellaneous	24,132	18	-	-	-	358,599
<b>Total revenues</b>	<b>25,047</b>	<b>18</b>	<b>130</b>	<b>204</b>	<b>58</b>	<b>19,455,414</b>
<b>EXPENDITURES</b>						
Community services	-	-	-	-	-	1,719,715
Public safety	-	-	-	-	-	6,090,679
Education	-	-	-	-	-	1,521,630
Human services	-	-	8,024	-	-	7,172,016
Debt service:						
Principal	-	-	-	-	-	530,739
Interest	-	-	-	-	-	123,711
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>8,024</b>	<b>-</b>	<b>-</b>	<b>17,158,490</b>
Excess (deficiency) of revenues over expenditures	25,047	18	(7,894)	204	58	2,296,924
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	646,939
Transfers out	-	-	-	-	-	(1,762,600)
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,115,661)</b>
Net change in fund balances	25,047	18	(7,894)	204	58	1,181,263
<b>FUND BALANCES, beginning of year</b>	<b>488,254</b>	<b>9,155</b>	<b>135,557</b>	<b>113,388</b>	<b>32,494</b>	<b>13,795,823</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 513,301</b>	<b>\$ 9,173</b>	<b>\$ 127,663</b>	<b>\$ 113,592</b>	<b>\$ 32,552</b>	<b>\$ 14,977,086</b>

# ORANGE COUNTY, NORTH CAROLINA

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
<b>Ad valorem taxes:</b>				
Property taxes	\$ 146,516,332	\$ 146,516,332	\$ 147,549,258	\$ 1,032,926
Tax penalties and interest	525,000	525,000	548,085	23,085
Gross receipts tax	55,000	55,000	69,997	14,997
Total ad valorem taxes	<u>147,096,332</u>	<u>147,096,332</u>	<u>148,167,340</u>	<u>1,071,008</u>
<b>Sales tax:</b>				
Local option sales tax	<u>20,652,132</u>	<u>20,652,132</u>	<u>22,992,165</u>	<u>2,340,033</u>
<b>Intergovernmental revenues:</b>				
Animal tax	200,000	200,000	183,542	(16,458)
Beer and wine tax	255,000	255,000	239,145	(15,855)
Federal and State grants	13,800,640	19,922,037	19,077,635	(844,402)
Local grants	572,366	661,786	526,568	(135,218)
ABC Board law enforcement distribution	440,000	440,000	451,689	11,689
ABC Board profit distribution	20,000	25,000	24,078	(922)
Total intergovernmental revenues	<u>15,288,006</u>	<u>21,503,823</u>	<u>20,502,657</u>	<u>(1,001,166)</u>
<b>Charges for services:</b>				
Register of Deeds	1,355,500	1,355,500	1,787,003	431,503
Inspection fees	1,065,000	1,065,000	1,300,513	235,513
Health service fees	1,619,227	1,630,754	1,574,014	(56,740)
Aging fees	181,600	224,600	189,937	(34,663)
EMS fees	2,490,215	2,490,215	2,475,261	(14,954)
Sheriff and court charges	2,615,700	2,615,700	1,962,040	(653,660)
Other charges	864,918	883,918	932,859	48,941
Total licenses, permits and fees	<u>10,192,160</u>	<u>10,265,687</u>	<u>10,221,627</u>	<u>(44,060)</u>
<b>Investment earnings</b>	<u>52,499</u>	<u>52,499</u>	<u>151,392</u>	<u>98,893</u>
<b>License and permits:</b>				
Privilege licenses	13,000	13,000	12,520	(480)
Franchise fees	300,000	300,000	300,755	755
Total licenses, permits and fees	<u>313,000</u>	<u>313,000</u>	<u>313,275</u>	<u>275</u>
<b>Miscellaneous revenues:</b>				
Donations	276,378	399,251	410,387	11,136
Rent	337,878	337,878	318,823	(19,055)
Other	839,354	1,010,461	1,053,932	43,471
Total sales and services	<u>1,453,610</u>	<u>1,747,590</u>	<u>1,783,142</u>	<u>35,552</u>
Total revenues	<u>195,047,739</u>	<u>201,631,063</u>	<u>204,131,598</u>	<u>2,500,535</u>

*continued*

**ORANGE COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures</b>				
<b>Current:</b>				
<b>Community Services:</b>				
Animal services	1,958,791	2,016,615	1,885,525	131,090
Cooperative extension	379,843	406,412	333,498	72,914
Department of environment, agriculture, parks & recreation	3,464,888	3,646,910	3,426,378	220,532
Economic development	515,575	536,223	514,648	21,575
Orange public transportation	1,361,961	1,347,354	980,756	366,598
Planning and inspections	2,762,364	2,879,598	2,609,598	270,000
Recreation municipal	125,108	125,108	125,108	-
Non-departmental	2,132,837	2,178,372	385,447	1,792,925
<b>Total</b>	<b>12,701,367</b>	<b>13,136,592</b>	<b>10,260,958</b>	<b>2,875,634</b>
<b>General Government:</b>				
Board of county commissioners	870,355	877,675	813,056	64,619
Board of elections	1,063,148	1,082,942	899,273	183,669
County attorney's office	551,501	572,931	553,574	19,357
County manager's office	3,009,967	3,114,103	2,408,106	705,997
Register of deeds	924,165	955,238	919,304	35,934
Tax administration	3,496,212	3,683,223	3,416,679	266,544
Non-departmental	102,000	122,000	329,603	(207,603)
<b>Total</b>	<b>10,017,348</b>	<b>10,408,112</b>	<b>9,339,595</b>	<b>1,068,517</b>
<b>Public Safety:</b>				
Courts	90,655	90,655	33,225	57,430
Emergency services	10,146,314	10,316,662	9,432,316	884,346
Sheriff	12,678,854	13,086,149	12,447,805	638,344
Non-departmental	401,052	401,052	392,813	8,239
<b>Total</b>	<b>23,316,875</b>	<b>23,894,518</b>	<b>22,306,159</b>	<b>1,588,359</b>
<b>Human Services:</b>				
Child support services	965,640	999,179	966,834	32,345
Department of social services	18,153,438	23,642,916	21,918,333	1,724,583
Department of aging	1,996,088	2,221,464	2,040,869	180,595
Health department	8,600,516	9,050,634	8,522,474	528,160
Housing, human rights, and community development	218,823	227,640	216,990	10,650
Library services	2,081,930	2,158,164	2,102,993	55,171
Library municipal	568,839	568,839	568,839	-
OPC area program	1,355,973	1,355,973	1,355,973	-
Non-departmental	2,435,815	2,438,337	1,903,887	534,450
<b>Total</b>	<b>36,377,062</b>	<b>42,663,146</b>	<b>39,597,192</b>	<b>3,065,954</b>

*continued*

**ORANGE COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Education:</b>				
Current expenditures	74,097,466	74,097,466	74,097,466	-
Fair funding	988,000	988,000	988,000	-
Durham Tech (Orange campus)	751,875	751,875	751,875	-
Recurring capital	3,000,000	3,000,000	3,000,000	-
Total	<u>78,837,341</u>	<u>78,837,341</u>	<u>78,837,341</u>	<u>-</u>
<b>Support Services:</b>				
Asset management services	4,295,957	4,602,585	4,279,877	322,708
Community relations	188,716	193,391	158,224	35,167
Finance and administrative services	1,247,920	1,283,739	1,228,936	54,803
Human resources	945,127	942,829	828,894	113,935
Information technologies	2,895,229	2,982,514	2,735,688	246,826
Non-departmental	3,897,962	2,368,537	2,429,485	(60,948)
Total	<u>13,470,911</u>	<u>12,373,595</u>	<u>11,661,104</u>	<u>712,491</u>
<b>Debt Service:</b>				
Principal	20,004,170	20,004,170	19,519,042	485,128
Interest	6,909,523	6,909,523	6,594,944	314,579
Total	<u>26,913,693</u>	<u>26,913,693</u>	<u>26,113,986</u>	<u>799,707</u>
Total expenditures	<u>201,634,597</u>	<u>208,226,997</u>	<u>198,116,335</u>	<u>10,110,662</u>
Excess (deficiency) of revenues over expenditures	(6,586,858)	(6,595,934)	6,015,263	12,611,197
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	25,000	25,000	32,167	7,167
Transfers in	1,052,600	1,052,600	1,762,600	710,000
Transfers out	(5,141,512)	(6,634,679)	(8,352,698)	(1,718,019)
Total other financing sources (uses)	<u>(4,063,912)</u>	<u>(5,557,079)</u>	<u>(6,557,931)</u>	<u>(1,000,852)</u>
Revenues and other financing sources over expenditures and other financing uses	(10,650,770)	(12,153,013)	(542,668)	11,610,345
Appropriated fund balance	<u>10,650,770</u>	<u>12,153,013</u>	<u>-</u>	<u>(12,153,013)</u>
Net change in fund balances	-	-	(542,668)	(542,668)
<b>Fund balance, beginning of year</b>	<u>65,008,264</u>	<u>65,008,264</u>	<u>65,008,264</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 54,357,494</u>	<u>\$ 52,855,251</u>		<u>\$ (542,668)</u>
<b>Reconciliation to GAAP statements:</b>				
Beginning fund balance, Piedmont Agriculture Food Processing Fund			30,728	
Beginning fund balance, Community Loan Fund			(19,411)	
Change in fund balance in Community Loan Fund			19,411	
Change in fund balance, Piedmont Agriculture Food Processing Fund			(30,137)	
			<u>\$ 64,466,187</u>	

**ORANGE COUNTY, NORTH CAROLINA  
LOCAL FIRE DISTRICTS**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 5,143,339	\$ 5,143,339	\$ 5,371,928	\$ 228,589
Investment earnings	654	654	2,162	1,508
 Total revenues	 <u>5,143,993</u>	 <u>5,143,993</u>	 <u>5,374,090</u>	 <u>230,097</u>
<b>EXPENDITURES</b>				
Public safety	<u>5,143,993</u>	<u>5,233,993</u>	<u>5,212,248</u>	<u>21,745</u>
 Excess (deficiency) of revenues over expenditures	 -	 (90,000)	 161,842	 251,842
 Appropriated fund balance	 <u>-</u>	 <u>90,000</u>	 <u>-</u>	 <u>(90,000)</u>
 Net change in fund balances	 -	 -	 161,842	 161,842
 <b>FUND BALANCE, beginning of year</b>	 <u>903,832</u>	 <u>903,832</u>	 <u>903,832</u>	 <u>-</u>
 <b>FUND BALANCE, end of year</b>	 <u>\$ 903,832</u>	 <u>\$ 813,832</u>	 <u>\$ 1,065,674</u>	 <u>\$ 161,842</u>

**ORANGE COUNTY, NORTH CAROLINA  
GRANT SUPPORTED**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ 100,574	\$ 54,750	\$ 54,898	\$ 148
Charges for services	24,000	62,000	56,146	(5,854)
Total revenues	<u>124,574</u>	<u>116,750</u>	<u>111,044</u>	<u>(5,706)</u>
<b>EXPENDITURES</b>				
Human services	<u>165,770</u>	<u>160,011</u>	<u>156,840</u>	<u>3,171</u>
Total expenditures	<u>165,770</u>	<u>160,011</u>	<u>156,840</u>	<u>3,171</u>
Excess (deficiency) of revenues over expenditures	(41,196)	(43,261)	(45,796)	(2,535)
<b>OTHER FINANCING SOURCES</b>				
Appropriated fund balance	2,076	2,065	-	(2,065)
Transfers in	<u>39,120</u>	<u>41,196</u>	<u>41,196</u>	<u>-</u>
Total other financing sources	41,196	43,261	41,196	(2,065)
Net change in fund balances	-	-	(4,600)	(4,600)
<b>FUND BALANCE, beginning of year</b>	<u>109,574</u>	<u>109,574</u>	<u>109,574</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 109,574</u></u>	<u><u>\$ 109,574</u></u>	<u><u>\$ 104,974</u></u>	<u><u>\$ (4,600)</u></u>

**ORANGE COUNTY, NORTH CAROLINA  
GRANT PROJECTS**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROJECT LIFE AS OF JUNE 30, 2016**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
<b>REVENUES</b>				
Intergovernmental revenues	\$ 14,646,037	\$ 10,090,331	\$ 764,781	\$ 10,855,112
Total revenues	<u>14,646,037</u>	<u>10,090,331</u>	<u>764,781</u>	<u>10,855,112</u>
<b>EXPENDITURES</b>				
Community services	1,676,960	805,430	-	805,430
Public safety	7,010,903	4,815,893	32,229	4,848,122
Human services	7,566,917	4,770,404	866,247	5,636,651
Total expenditures	<u>16,254,780</u>	<u>10,391,727</u>	<u>898,476</u>	<u>11,290,203</u>
Deficiency of revenues over expenditures	(1,608,743)	(301,396)	(133,695)	(435,091)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,734,238	1,100,718	109,729	1,210,447
Transfers out	(125,495)	(24,917)	-	(24,917)
Total other financing sources (uses)	<u>1,608,743</u>	<u>1,075,801</u>	<u>109,729</u>	<u>1,185,530</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 774,405</u>	(23,966)	<u>\$ 750,439</u>
<b>FUND BALANCE, beginning of year</b>			<u>774,405</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 750,439</u>	

**ORANGE COUNTY, NORTH CAROLINA  
COMMUNITY DEVELOPMENT**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROJECT LIFE AS OF JUNE 30, 2016**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
<b>REVENUES</b>				
Intergovernmental revenues	\$ 15,898,856	\$ 14,481,988	\$ 480,196	\$ 14,962,184
Charges for services	803,600	1,329,285	-	1,329,285
Investment earnings	1,000	8,409	-	8,409
Miscellaneous	19,080	666,805	-	666,805
Total revenues	<u>16,722,536</u>	<u>16,486,487</u>	<u>480,196</u>	<u>16,966,683</u>
<b>EXPENDITURES</b>				
Human services	21,075,254	19,000,766	645,607	19,646,373
Total expenditures	<u>21,075,254</u>	<u>19,000,766</u>	<u>645,607</u>	<u>19,646,373</u>
Deficiency of revenues over expenditures	(4,352,718)	(2,514,279)	(165,411)	(2,679,690)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,418,868	4,896,834	248,228	5,145,062
Transfers out	(2,092,116)	(787,091)	-	(787,091)
Appropriated fund balance	25,966	-	-	-
Total other financing sources (uses)	<u>4,352,718</u>	<u>4,109,743</u>	<u>248,228</u>	<u>4,357,971</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,595,464</u>	82,817	<u>\$ 1,678,281</u>
<b>FUND BALANCE, beginning of year</b>			<u>1,595,464</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 1,678,281</u>	

**ORANGE COUNTY, NORTH CAROLINA  
SECTION 8 HOUSING**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 4,659,887	\$ 4,659,887	\$ 4,140,054	\$ (519,833)
Investment earnings	25	25	512	487
 Total revenues	 <u>4,659,912</u>	 <u>4,659,912</u>	 <u>4,140,566</u>	 <u>(519,346)</u>
<b>EXPENDITURES</b>				
Human services	<u>4,907,698</u>	<u>4,907,698</u>	<u>4,357,249</u>	<u>550,449</u>
 Total expenditures	 <u>4,907,698</u>	 <u>4,907,698</u>	 <u>4,357,249</u>	 <u>550,449</u>
 Excess (deficiency) of revenues over expenditures	 (247,786)	 (247,786)	 (216,683)	 31,103
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>247,786</u>	<u>247,786</u>	<u>247,786</u>	<u>-</u>
 Total other financing sources	 <u>247,786</u>	 <u>247,786</u>	 <u>247,786</u>	 <u>-</u>
 Net change in fund balances	 -	 -	 31,103	 31,103
 <b>FUND BALANCE, beginning of year</b>	 <u>196,960</u>	 <u>196,960</u>	 <u>196,960</u>	 <u>-</u>
 <b>FUND BALANCE, end of year</b>	 <u>\$ 196,960</u>	 <u>\$ 196,960</u>	 <u>\$ 228,063</u>	 <u>\$ 31,103</u>

**ORANGE COUNTY, NORTH CAROLINA  
ARTICLE 46 SALES TAX**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
<b>REVENUES</b>				
Sales tax	\$ 11,734,362	\$ 9,470,363	\$ 3,215,652	\$ 12,686,015
Investment earnings	-	1,634	4,700	6,334
Miscellaneous	-	100,000	66,000	166,000
<b>Total revenues</b>	<b>11,734,362</b>	<b>9,571,997</b>	<b>3,286,352</b>	<b>12,858,349</b>
<b>EXPENDITURES</b>				
Education	6,058,585	3,920,880	1,521,630	5,442,510
Community services	3,212,500	1,312,868	1,271,057	2,583,925
Debt service:				
Principal	2,463,277	1,230,239	530,739	1,760,978
Interest	-	40,844	123,711	164,555
<b>Total expenditures</b>	<b>11,734,362</b>	<b>6,504,831</b>	<b>3,447,137</b>	<b>9,951,968</b>
Net change in fund balances	\$ -	\$ 3,067,166	(160,785)	\$ 2,906,381
<b>FUND BALANCE, beginning of year</b>			<b>3,067,166</b>	
<b>FUND BALANCE, end of year</b>			<b>\$ 2,906,381</b>	

**ORANGE COUNTY, NORTH CAROLINA  
EMERGENCY TELEPHONE SYSTEM**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 562,338	\$ 562,338	\$ 509,172	\$ (53,166)
Investment earnings	-	-	1,256	1,256
Total revenues	<u>562,338</u>	<u>562,338</u>	<u>510,428</u>	<u>(51,910)</u>
<b>EXPENDITURES</b>				
Public safety	<u>925,099</u>	<u>957,950</u>	<u>689,362</u>	<u>268,588</u>
Total revenues	<u>925,099</u>	<u>957,950</u>	<u>689,362</u>	<u>268,588</u>
Deficiency of revenues over expenditures	(362,761)	(395,612)	(178,934)	216,678
<b>OTHER FINANCING SOURCES</b>				
Appropriated fund balance	<u>362,761</u>	<u>395,612</u>	-	<u>(395,612)</u>
Total other financing sources	362,761	395,612	-	(395,612)
Net change in fund balances	-	-	(178,934)	(178,934)
<b>FUND BALANCE, beginning of year</b>	<u>836,576</u>	<u>836,576</u>	<u>836,576</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 473,815</u></u>	<u><u>\$ 440,964</u></u>	<u><u>\$ 657,642</u></u>	<u><u>\$ (178,934)</u></u>

**ORANGE COUNTY, NORTH CAROLINA  
VISITORS BUREAU**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Occupancy taxes	\$ 1,133,370	\$ 1,133,370	\$ 1,477,669	\$ 344,299
Intergovernmental revenues	31,378	33,478	33,351	(127)
Investment earnings	100	100	974	874
Miscellaneous	200,000	232,739	232,739	-
<b>Total revenues</b>	<u>1,364,848</u>	<u>1,399,687</u>	<u>1,744,733</u>	<u>345,046</u>
<b>EXPENDITURES</b>				
Community services	1,441,340	1,726,179	1,681,058	45,121
<b>Total expenditures</b>	<u>1,441,340</u>	<u>1,726,179</u>	<u>1,681,058</u>	<u>45,121</u>
Excess (deficiency) of revenues over expenditures	(76,492)	(326,492)	63,675	390,167
<b>OTHER FINANCING SOURCES</b>				
Appropriated fund balance	76,492	326,492	-	(326,492)
<b>Total other financing sources</b>	76,492	326,492	-	(326,492)
Net change in fund balances	-	-	63,675	63,675
<b>FUND BALANCE, beginning of year</b>	<u>715,107</u>	<u>715,107</u>	<u>715,107</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 638,615</u>	<u>\$ 388,615</u>	<u>\$ 778,782</u>	<u>\$ 390,167</u>

**ORANGE COUNTY, NORTH CAROLINA  
SPAY NEUTER**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other tax	\$ 31,000	\$ 31,000	\$ 26,745	\$ (4,255)
Investment earnings	-	-	117	117
Miscellaneous	22,000	22,330	16,556	(5,774)
<b>Total revenues</b>	<u>53,000</u>	<u>53,330</u>	<u>43,418</u>	<u>(9,912)</u>
<b>EXPENDITURES</b>				
Community services	51,550	60,640	38,657	21,983
<b>Total expenditures</b>	<u>51,550</u>	<u>60,640</u>	<u>38,657</u>	<u>21,983</u>
Excess (deficiency) of revenues over expenditures	1,450	(7,310)	4,761	12,071
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriate fund balance	11,150	19,910	-	(19,910)
Transfers out	(12,600)	(12,600)	(12,600)	-
<b>Total other financing sources (uses)</b>	<u>(1,450)</u>	<u>7,310</u>	<u>(12,600)</u>	<u>(19,910)</u>
Net change in fund balances	-	-	(7,839)	(7,839)
<b>FUND BALANCE, beginning of year</b>	<u>75,133</u>	<u>75,133</u>	<u>75,133</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 75,133</u></u>	<u><u>\$ 75,133</u></u>	<u><u>\$ 67,294</u></u>	<u><u>\$ (7,839)</u></u>

**ORANGE COUNTY, NORTH CAROLINA  
ADOPTION ENHANCEMENT**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
<b>REVENUES</b>				
Charges for services	\$ 27,268	\$ 21,694	\$ 200	\$ 21,894
Intergovernmental	131,865	139,365	-	139,365
Investment earnings	-	17,227	71	17,298
Miscellaneous	<u>378,355</u>	<u>368,126</u>	<u>19,154</u>	<u>387,280</u>
Total revenues	<u>537,488</u>	<u>546,412</u>	<u>19,425</u>	<u>565,837</u>
<b>EXPENDITURES</b>				
Human services	<u>614,433</u>	<u>583,828</u>	<u>23,832</u>	<u>607,660</u>
Deficiency of revenues over expenditures	(76,945)	(37,416)	(4,407)	(41,823)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>76,945</u>	<u>76,945</u>	-	<u>76,945</u>
Total other financing sources	<u>76,945</u>	<u>76,945</u>	-	<u>76,945</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 39,529</u>	(4,407)	<u>\$ 35,122</u>
<b>FUND BALANCE, beginning of year</b>			<u>39,529</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 35,122</u>	

**ORANGE COUNTY, NORTH CAROLINA  
IMPACT FEES**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses and permits	\$ 1,040,000	\$ 1,040,000	\$ 2,851,461	\$ 1,811,461
Investment earnings	-	-	10,143	10,143
<b>Total revenues</b>	<u>1,040,000</u>	<u>1,040,000</u>	<u>2,861,604</u>	<u>1,821,604</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(1,040,000)</u>	<u>(1,040,000)</u>	<u>(1,750,000)</u>	<u>(710,000)</u>
<b>Total other financing uses</b>	<u>(1,040,000)</u>	<u>(1,040,000)</u>	<u>(1,750,000)</u>	<u>(710,000)</u>
Net change in fund balances	-	-	1,111,604	1,111,604
<b>FUND BALANCE, beginning of year</b>	<u>4,703,229</u>	<u>4,703,229</u>	<u>4,703,229</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 4,703,229</u></u>	<u><u>\$ 4,703,229</u></u>	<u><u>\$ 5,814,833</u></u>	<u><u>\$ 1,111,604</u></u>

**ORANGE COUNTY, NORTH CAROLINA  
COUNTY CAPITAL IMPROVEMENTS**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROJECT LIFE AS OF JUNE 30, 2016**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
<b>REVENUES</b>				
Federal grants	\$ 8,444,965	\$ 7,263,207	\$ 797,410	\$ 8,060,617
State grants	7,827,295	5,732,162	136,106	5,868,268
Investment earnings	2,624,400	3,358,500	69,644	3,428,144
Miscellaneous	<u>2,984,273</u>	<u>3,729,624</u>	<u>86,995</u>	<u>3,816,619</u>
Total revenues	<u>21,880,933</u>	<u>20,083,493</u>	<u>1,090,155</u>	<u>21,173,648</u>
<b>EXPENDITURES</b>				
Capital outlay	152,810,658	114,853,180	7,580,903	122,434,083
Debt service:				
Interest and fees	<u>953,087</u>	<u>948,611</u>	<u>148,604</u>	<u>1,097,215</u>
Total expenditures	<u>153,763,745</u>	<u>115,801,791</u>	<u>7,729,507</u>	<u>123,531,298</u>
Deficiency of revenues over expenditures	(131,882,812)	(95,718,298)	(6,639,352)	(102,357,650)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from bond issuance	35,338,020	132,448,500	-	132,448,500
Bond premium	2,000,000	21,728,756	-	21,728,756
Installment loan issuance	95,563,051	88,685,457	2,098,408	90,783,865
Capital lease issuance	-	2,540,999	-	2,540,999
Payment to escrow agent	(21,500,000)	(144,673,482)	-	(144,673,482)
Transfers in	22,469,804	20,369,270	703,227	21,072,497
Transfers out	(3,335,000)	(3,436,764)	-	(3,436,764)
Appropriated fund balance	<u>1,346,937</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>131,882,812</u>	<u>117,662,736</u>	<u>2,801,635</u>	<u>120,464,371</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 21,944,438</u>	<u>(3,837,717)</u>	<u>\$ 18,106,721</u>
<b>FUND BALANCE, beginning of year</b>			<u>21,944,438</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 18,106,721</u>	

**ORANGE COUNTY, NORTH CAROLINA  
SCHOOL CAPITAL IMPROVEMENTS**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROJECT LIFE AS OF JUNE 30, 2016**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
<b>REVENUES</b>				
Investment earnings	\$ 60,000	\$ 631,386	\$ 24,740	\$ 656,126
Sales tax	75,000	422,336	-	422,336
Lottery proceeds	2,892,139	2,959,057	-	2,959,057
Miscellaneous	-	33,759	-	33,759
Total revenues	<u>3,027,139</u>	<u>4,046,538</u>	<u>24,740</u>	<u>4,071,278</u>
<b>EXPENDITURES</b>				
Orange County Schools	24,789,000	18,396,144	3,102,170	21,498,314
Chapel Hill-Carrboro City Schools	56,641,641	51,908,492	2,218,838	54,127,330
Other	4,173,426	43,215	-	43,215
Total expenditures	<u>85,604,067</u>	<u>70,347,851</u>	<u>5,321,008</u>	<u>75,668,859</u>
Deficiency of revenues over expenditures	(82,576,928)	(66,301,313)	(5,296,268)	(71,597,581)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuance	14,170,874	14,170,873	-	14,170,873
Installment loan issuance	31,028,426	37,397,964	4,556,750	41,954,714
Transfers in	37,329,883	20,570,820	5,167,984	25,738,804
Appropriated fund balance	47,745	-	-	-
Total expenditures	<u>82,576,928</u>	<u>72,139,657</u>	<u>9,724,734</u>	<u>81,864,391</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,838,344</u>	4,428,466	<u>\$ 10,266,810</u>
<b>FUND BALANCE, beginning of year</b>			<u>5,838,344</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 10,266,810</u>	

**ORANGE COUNTY, NORTH CAROLINA  
SOLID WASTE**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Landfill fees	\$ 1,001,144	\$ 1,001,144	\$ 1,148,444	\$ 147,300
Sanitation fees	1,447,036	1,447,036	100,295	(1,346,741)
Recycling	6,961,820	6,252,730	6,780,748	528,018
State grants	38,000	38,000	13,574	(24,426)
Other operating	110,000	110,000	155,841	45,841
Investment earnings	15,000	15,000	25,321	10,321
Total revenues	<u>9,573,000</u>	<u>8,863,910</u>	<u>8,224,223</u>	<u>(639,687)</u>
<b>EXPENDITURES</b>				
Administration	1,939,598	1,962,895	1,778,851	184,044
Landfill	989,072	1,357,899	1,014,994	342,905
Recycling	4,695,305	4,984,033	4,153,357	830,676
Sanitation	2,134,041	2,453,429	2,732,400	(278,971)
Debt service	627,270	579,873	571,299	8,574
Total expenditures	<u>10,385,286</u>	<u>11,338,129</u>	<u>10,250,901</u>	<u>1,087,228</u>
Excess (deficiency) of revenues over expenditures	(812,286)	(2,474,219)	(2,026,678)	447,541
<b>OTHER FINANCING SOURCES</b>				
Debt proceeds	-	709,090	708,453	(637)
Transfers in	742,286	742,286	1,718,018	975,732
Proceeds from sale of capital assets	70,000	70,000	136,718	66,718
Appropriated fund balance	-	952,843	-	(952,843)
Total other financing sources	<u>812,286</u>	<u>2,474,219</u>	<u>2,563,189</u>	<u>88,970</u>
Net change in net position	<u>\$ -</u>	<u>\$ -</u>	536,511	<u>\$ 536,511</u>
Adjustments to full accrual:				
Capital outlays			1,409,756	
Payments of debt service - principal			372,806	
Increase in estimated post-closure costs			(205,782)	
Issuance of installment notes			(708,453)	
Increase in compensated absences			(8,150)	
Increase in OPEB obligation			(450,606)	
Decrease in net pension liability			76,130	
Change in accrued interest			(9,433)	
Depreciation expense			<u>(1,213,997)</u>	
Change in net position - GAAP Basis			<u>\$ (201,218)</u>	

**ORANGE COUNTY, NORTH CAROLINA  
SPORTSPLEX**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 3,170,000	\$ 5,970,000	\$ 3,308,555	\$ (2,661,445)
Total revenues	<u>3,170,000</u>	<u>5,970,000</u>	<u>3,308,555</u>	<u>(2,661,445)</u>
<b>EXPENDITURES</b>				
Operations	2,552,857	5,925,621	2,897,832	3,027,789
Capital outlay	167,143	167,143	167,143	-
Debt service	556,278	556,278	718,169	(161,891)
Total expenditures	<u>3,276,278</u>	<u>6,649,042</u>	<u>3,783,144</u>	<u>2,865,898</u>
Excess (deficiency) of revenues over expenditures	(106,278)	(679,042)	(474,589)	204,453
<b>OTHER FINANCING SOURCES</b>				
Appropriated fund balance	106,278	679,042	-	(679,042)
Total other financing sources	<u>106,278</u>	<u>679,042</u>	<u>-</u>	<u>(679,042)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(474,589)	<u>\$ (474,589)</u>
Adjustments to full accrual:				
Capital outlays			167,143	
Payments of debt service - principal			516,536	
Deprecation expense			(321,159)	
Change in net position - GAAP Basis			<u>\$ (112,069)</u>	

**ORANGE COUNTY, NORTH CAROLINA  
EFLAND SEWER OPERATING**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 215,400	\$ 215,400	\$ 212,073	\$ (3,327)
Investment earnings	-	-	516	516
Miscellaneous	422,998	422,998	-	(422,998)
Total revenues	<u>638,398</u>	<u>638,398</u>	<u>212,589</u>	<u>(425,809)</u>
<b>EXPENDITURES</b>				
Operations	302,935	310,136	320,277	(10,141)
Repairs and maintenance	40,530	33,329	23,435	9,894
Capital outlays	223,658	223,658	-	223,658
Total expenditures	<u>567,123</u>	<u>567,123</u>	<u>343,712</u>	<u>223,411</u>
Excess (deficiency) of revenues over expenditures	71,275	71,275	(131,123)	(202,398)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	118,359	118,359	116,530	(1,829)
Total other financing sources	<u>118,359</u>	<u>118,359</u>	<u>116,530</u>	<u>(1,829)</u>
Net change in fund balance	<u>\$ 189,634</u>	<u>\$ 189,634</u>	(14,593)	<u>\$ (204,227)</u>
Adjustments to full accrual:				
Deprecation expense			(87,134)	
Change in net position - GAAP Basis			<u>\$ (101,727)</u>	

**COMBINING STATEMENTS - INTERNAL SERVICE FUNDS**

---

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2016**

ASSETS	Dental and		Totals
	Health Insurance Fund	Vehicle Replacement Fund	
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 2,613,645	\$ 348,629	\$ 2,962,274
Accounts receivable	237	-	237
Total current assets	<u>2,613,882</u>	<u>348,629</u>	<u>2,962,511</u>
<b>CAPITAL ASSETS</b>			
Depreciable, net of accumulated depreciation	-	1,556,919	1,556,919
Total noncurrent assets	-	1,556,919	1,556,919
Total assets	<u>2,613,882</u>	<u>1,905,548</u>	<u>4,519,430</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	-	87,098	87,098
Accrued liabilities	-	17,061	17,061
Claims payable	1,148,171	-	1,148,171
Installment contracts, current	-	413,231	413,231
	<u>1,148,171</u>	<u>517,390</u>	<u>1,665,561</u>
<b>NONCURRENT LIABILITIES</b>			
Installments contracts	-	2,149,689	2,149,689
Total noncurrent liabilities	-	2,149,689	2,149,689
Total liabilities	<u>1,148,171</u>	<u>2,667,079</u>	<u>3,815,250</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	(1,006,001)	(1,006,001)
Unrestricted	1,465,711	244,470	1,710,181
Total net position	<u>\$ 1,465,711</u>	<u>\$ (761,531)</u>	<u>\$ 704,180</u>

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Dental and Health Insurance Fund</b>	<b>Vehicle Replacement Fund</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>			
Other operating revenues	\$ 406,267	\$ 320,038	\$ 726,305
Employee contributions	9,977,633	-	9,977,633
<b>Total operating revenues</b>	<b>10,383,900</b>	<b>320,038</b>	<b>10,703,938</b>
<b>OPERATING EXPENSES</b>			
Administrative and general	143,456	-	143,456
Operations and maintenance	-	3,625	3,625
Depreciation	-	776,390	776,390
Claims and payments to third party administrators	9,816,670	-	9,816,670
<b>Total operating expenses</b>	<b>9,960,126</b>	<b>780,015</b>	<b>10,740,141</b>
Operating income (loss)	423,774	(459,977)	(36,203)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Intergovernmental revenues	-	255,826	255,826
Investment earnings	2,914	489	3,403
Interest expense	-	(72,961)	(72,961)
<b>Total non-operating revenue (expenses)</b>	<b>2,914</b>	<b>183,354</b>	<b>186,268</b>
Change in net position	426,688	(276,623)	150,065
<b>Net position, beginning of year, restated</b>	<b>1,039,023</b>	<b>(484,908)</b>	<b>554,115</b>
<b>Net position, end of year</b>	<b>\$ 1,465,711</b>	<b>\$ (761,531)</b>	<b>\$ 704,180</b>

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Dental and Health Insurance Fund</b>	<b>Vehicle Replacement Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 10,383,663	\$ 320,038	\$ 10,703,701
Payments to suppliers	(9,158,653)	(39,716)	(9,198,369)
Net cash provided by operating activities	<u>1,225,010</u>	<u>280,322</u>	<u>1,505,332</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases and acquisition of capital assets	-	(1,356,934)	(1,356,934)
Proceeds from capital grants	-	370,354	370,354
Proceeds from issuance of debt	-	786,420	786,420
Principal payments on long-term debt	-	(247,884)	(247,884)
Interest paid	-	(64,827)	(64,827)
Net cash used in capital and related financing activities	<u>-</u>	<u>(512,871)</u>	<u>(512,871)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	2,914	489	3,403
Net cash provided by investing activities	<u>2,914</u>	<u>489</u>	<u>3,403</u>
Net increase (decrease) in cash and cash equivalents	1,227,924	(232,060)	995,864
Cash and cash equivalents, beginning of year	<u>1,385,721</u>	<u>580,689</u>	<u>1,966,410</u>
Cash and cash equivalents, end of year	<u>\$ 2,613,645</u>	<u>\$ 348,629</u>	<u>\$ 2,962,274</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 423,774	\$ (459,977)	\$ (36,203)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	776,390	776,390
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Increase in accounts receivable	(237)	-	(237)
Decrease in other assets	79,329	45	79,374
Decrease in accounts payable	-	(36,136)	(36,136)
Increase in claims payable	722,144	-	722,144
Net cash provided by operating activities	<u>\$ 1,225,010</u>	<u>\$ 280,322</u>	<u>\$ 1,505,332</u>

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

**ORANGE COUNTY, NORTH CAROLINA  
DENTAL AND HEALTH INSURANCE**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 9,677,275	\$ 9,677,275	\$ 9,977,633	\$ 300,358
Investment earnings	-	-	2,914	2,914
Miscellaneous	-	-	406,267	406,267
Total revenues	<u>9,677,275</u>	<u>9,677,275</u>	<u>10,386,814</u>	<u>709,539</u>
<b>EXPENDITURES</b>				
Operations	<u>9,677,275</u>	<u>9,677,275</u>	<u>9,237,982</u>	<u>439,293</u>
Total expenditures	<u>9,677,275</u>	<u>9,677,275</u>	<u>9,237,982</u>	<u>439,293</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,148,832	<u>\$ 1,148,832</u>
Adjustments to full accrual:				
Increase in claims payable			<u>(722,144)</u>	
Change in net position - GAAP Basis			<u>\$ 426,688</u>	

**ORANGE COUNTY, NORTH CAROLINA  
VEHICLE REPLACEMENT**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 255,826	\$ 255,826
Charges for services	-	-	318,407	318,407
Investment earnings	-	-	489	489
Total revenues	<u>-</u>	<u>-</u>	<u>574,722</u>	<u>574,722</u>
<b>EXPENDITURES</b>				
Operations	-	-	3,625	(3,625)
Capital outlay	793,209	793,209	1,356,934	(563,725)
Debt service	-	-	320,845	(320,845)
Total expenditures	<u>793,209</u>	<u>793,209</u>	<u>1,681,404</u>	<u>(888,195)</u>
Excess of revenues over expenditures	(793,209)	(793,209)	(1,106,682)	(313,473)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of installment contract	793,209	793,209	786,420	(6,789)
Proceeds from sale of capital assets	-	-	1,631	1,631
Total other financing sources (uses)	<u>793,209</u>	<u>793,209</u>	<u>788,051</u>	<u>(5,158)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(318,631)	<u>\$ (318,631)</u>
Adjustments to full accrual:				
Capital outlays			1,356,934	
Payments of debt service - principal			247,884	
Issuance of installment notes			(786,420)	
Deprecation expense			(776,390)	
Change in net position - GAAP Basis			<u>\$ (276,623)</u>	

**COMBINING STATEMENTS - AGENCY FUND**

---

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2016**

---

<u>ASSETS</u>	<u>School District</u>	<u>Jail Inmate</u>	<u>Cooperative Extension 4-H</u>	<u>American Stone No Fault Well Repair</u>	<u>Communication Tower Trust</u>
Cash	\$ 139,069	\$ 82,678	\$ 85,943	\$ 171,873	\$ -
Other receivables	115,481	-	-	-	-
Taxes receivable	298,035	-	-	-	-
Total assets	<u>\$ 552,585</u>	<u>\$ 82,678</u>	<u>\$ 85,943</u>	<u>\$ 171,873</u>	<u>\$ -</u>
 <u>LIABILITIES</u>					
Due to others	\$ 254,550	\$ 82,678	\$ 85,943	\$ 171,873	\$ -
Uncollected taxes	298,035	-	-	-	-
Total liabilities	<u>\$ 552,585</u>	<u>\$ 82,678</u>	<u>\$ 85,943</u>	<u>\$ 171,873</u>	<u>\$ -</u>

---

<b>DSS Trust</b>	<b>Register of Deeds Trust</b>	<b>Mental Health Insurance</b>	<b>Orange County Giving</b>	<b>Total</b>
\$ 97,503	\$ -	\$ 419,660	\$ 77,101	\$ 1,073,827
-	-	-	-	115,481
-	-	-	-	298,035
<u>\$ 97,503</u>	<u>\$ -</u>	<u>\$ 419,660</u>	<u>\$ 77,101</u>	<u>\$ 1,487,343</u>
\$ 97,503	\$ -	\$ 419,660	\$ 77,101	\$ 1,189,308
-	-	-	-	298,035
<u>\$ 97,503</u>	<u>\$ -</u>	<u>\$ 419,660</u>	<u>\$ 77,101</u>	<u>\$ 1,487,343</u>

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
<b><u>School District Fund</u></b>				
<b>ASSETS</b>				
Cash	\$ 152,407	\$ 22,681,604	\$ (22,694,942)	\$ 139,069
Other receivables	103,121	1,242,047	(1,229,687)	115,481
Taxes receivable	298,796	21,340,623	(21,341,384)	298,035
Total assets	<u>\$ 554,324</u>	<u>\$ 45,264,274</u>	<u>\$ (45,266,013)</u>	<u>\$ 552,585</u>
<b>LIABILITIES</b>				
Due to others	\$ 255,528	\$ 23,923,651	\$ (23,924,629)	\$ 254,550
Uncollected taxes	298,796	21,340,623	(21,341,384)	298,035
Total liabilities	<u>\$ 554,324</u>	<u>\$ 45,264,274</u>	<u>\$ (45,266,013)</u>	<u>\$ 552,585</u>
<b><u>Jail Inmate Fund</u></b>				
<b>ASSETS</b>				
Cash	\$ 91,677	\$ 238,403	\$ (247,402)	\$ 82,678
Total assets	<u>\$ 91,677</u>	<u>\$ 238,403</u>	<u>\$ (247,402)</u>	<u>\$ 82,678</u>
<b>LIABILITIES</b>				
Due to others	\$ 91,677	\$ 238,403	\$ (247,402)	\$ 82,678
Total liabilities	<u>\$ 91,677</u>	<u>\$ 238,403</u>	<u>\$ (247,402)</u>	<u>\$ 82,678</u>
<b><u>Cooperative Extension 4-H Fund</u></b>				
<b>ASSETS</b>				
Cash	\$ 77,807	\$ 29,505	\$ (21,369)	\$ 85,943
Total assets	<u>\$ 77,807</u>	<u>\$ 29,505</u>	<u>\$ (21,369)</u>	<u>\$ 85,943</u>
<b>LIABILITIES</b>				
Due to others	\$ 77,807	\$ 29,505	\$ (21,369)	\$ 85,943
Total liabilities	<u>\$ 77,807</u>	<u>\$ 29,505</u>	<u>\$ (21,369)</u>	<u>\$ 85,943</u>

(Continued)

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
<b><u>American Stone No Fault Well Repair</u></b>				
<b>ASSETS</b>				
Cash	\$ 160,359	\$ 15,309	\$ (3,795)	\$ 171,873
Total assets	<u>\$ 160,359</u>	<u>\$ 15,309</u>	<u>\$ (3,795)</u>	<u>\$ 171,873</u>
<b>LIABILITIES</b>				
Due to others	\$ 160,359	\$ 15,309	\$ (3,795)	\$ 171,873
Total liabilities	<u>\$ 160,359</u>	<u>\$ 15,309</u>	<u>\$ (3,795)</u>	<u>\$ 171,873</u>
<b><u>Communication Tower Trust Fund</u></b>				
<b>ASSETS</b>				
Cash	\$ 6,685	\$ 16	\$ (6,701)	\$ -
Total assets	<u>\$ 6,685</u>	<u>\$ 16</u>	<u>\$ (6,701)</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to others	\$ 6,685	\$ 16	\$ (6,701)	\$ -
Total liabilities	<u>\$ 6,685</u>	<u>\$ 16</u>	<u>\$ (6,701)</u>	<u>\$ -</u>
<b><u>DSS Trust Fund</u></b>				
<b>ASSETS</b>				
Cash	\$ 79,568	\$ 45,239	\$ (27,304)	\$ 97,503
Total assets	<u>\$ 79,568</u>	<u>\$ 45,239</u>	<u>\$ (27,304)</u>	<u>\$ 97,503</u>
<b>LIABILITIES</b>				
Due to others	\$ 79,568	\$ 45,239	\$ (27,304)	\$ 97,503
Total liabilities	<u>\$ 79,568</u>	<u>\$ 45,239</u>	<u>\$ (27,304)</u>	<u>\$ 97,503</u>

(Continued)

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
<b><u>Register of Deeds Trust Fee</u></b>				
<b>ASSETS</b>				
Cash	\$ 8,413	\$ -	\$ (8,413)	\$ -
Total assets	<u>\$ 8,413</u>	<u>\$ -</u>	<u>\$ (8,413)</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to others	\$ 8,413	\$ -	\$ (8,413)	\$ -
Total liabilities	<u>\$ 8,413</u>	<u>\$ -</u>	<u>\$ (8,413)</u>	<u>\$ -</u>
<b><u>Mental Health Insurance Fund</u></b>				
<b>ASSETS</b>				
Cash	\$ 431,893	\$ 761	\$ (12,994)	\$ 419,660
Total assets	<u>\$ 431,893</u>	<u>\$ 761</u>	<u>\$ (12,994)</u>	<u>\$ 419,660</u>
<b>LIABILITIES</b>				
Due to others	\$ 431,893	\$ 761	\$ (12,994)	\$ 419,660
Total liabilities	<u>\$ 431,893</u>	<u>\$ 761</u>	<u>\$ (12,994)</u>	<u>\$ 419,660</u>
<b><u>Orange County Community Giving Fund</u></b>				
<b>ASSETS</b>				
Cash	\$ 75,799	\$ 6,051	\$ (4,749)	\$ 77,101
Total assets	<u>\$ 75,799</u>	<u>\$ 6,051</u>	<u>\$ (4,749)</u>	<u>\$ 77,101</u>
<b>LIABILITIES</b>				
Due to others	\$ 75,799	\$ 6,051	\$ (4,749)	\$ 77,101
Total liabilities	<u>\$ 75,799</u>	<u>\$ 6,051</u>	<u>\$ (4,749)</u>	<u>\$ 77,101</u>
<b><u>Total Agency Funds</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,084,608	\$ 23,016,888	\$ (23,027,669)	\$ 1,073,827
Other receivables	103,121	1,242,047	(1,229,687)	115,481
Taxes receivable	298,796	21,340,623	(21,341,384)	298,035
Total assets	<u>\$ 1,486,525</u>	<u>\$ 45,599,558</u>	<u>\$ (45,598,740)</u>	<u>\$ 1,487,343</u>
<b>LIABILITIES</b>				
Due to others	\$ 1,187,729	\$ 24,258,935	\$ (24,257,356)	\$ 1,189,308
Uncollected taxes	298,796	21,340,623	(21,341,384)	298,035
Total liabilities	<u>\$ 1,486,525</u>	<u>\$ 45,599,558</u>	<u>\$ (45,598,740)</u>	<u>\$ 1,487,343</u>

**OTHER SUPPLEMENTARY INFORMATION – TAX SCHEDULES**

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**ORANGE COUNTY, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2016**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2015</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2016</u>
2015-2016	\$ -	\$ 146,967,477	\$ 145,747,667	\$ 1,219,810
2014-2015	1,334,945	-	768,247	566,698
2013-2014	711,427	-	294,845	416,582
2012-2013	464,978	-	118,833	346,145
2011-2012	302,220	-	62,608	239,612
2010-2011	213,085	-	30,183	182,902
All prior years	1,002,382	-	35,249	967,133
	<u>\$ 4,029,037</u>	<u>\$ 146,967,477</u>	<u>\$ 147,057,632</u>	<u>3,938,882</u>
				<u>(1,730,566)</u>
				<u>\$ 2,208,316</u>
<u>Reconciliation to revenues:</u>				
				\$ 147,549,258
				Reconciling items:
				Less 60 day collections (267,129)
				Interest and penalties 543,208
				Miscellaneous adjustments (767,705)
				<u>\$ 147,057,632</u>

# ORANGE COUNTY, NORTH CAROLINA

## ANALYSIS OF CURRENT TAX LEVY COUNTY-WIDE LEVY JUNE 30, 2016

	County - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current rate	\$ 16,783,803,759	0.088	\$ 147,361,797	\$ 137,676,250	\$ 9,685,547
Motor vehicle taxed at prior year rate	59,681	0.088	524	-	524
Penalties	-		96,403	96,403	-
Lien advertisement	-		7,549	7,549	-
Total	<u>16,783,863,440</u>		<u>147,466,273</u>	<u>137,780,202</u>	<u>9,686,071</u>
Abatements	(5,681,048)	0.088	(498,796)	(498,796)	-
Total property valuation	<u>\$ 16,778,182,392</u>				
Net levy			146,967,477	137,281,406	9,686,071
Uncollected taxes at June 30, 2016			<u>(1,219,810)</u>	<u>(1,210,103)</u>	<u>(9,707)</u>
Current year's taxes collected			<u>\$ 145,747,667</u>	<u>\$ 136,071,303</u>	<u>\$ 9,676,364</u>
Current levy collection percentage			<u>99.17%</u>	<u>99.12%</u>	<u>99.90%</u>

# STATISTICAL SECTION

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This part of Orange County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

**Page**

**Financial Trends..... 121**

These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.

**Revenue Capacity..... 125**

These schedules contain information to help the reader assess the County’s most significant local revenue source, property tax.

**Debt Capacity..... 129**

These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.

**Demographic and Economic Information..... 133**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.

**Operating Information ..... 135**

These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.

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

ORANGE COUNTY, NORTH CAROLINA

Table1

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

	For Year Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007 (As Restated)
Governmental activities										
Net investment in capital assets	\$23,190,053	\$ 42,946,587	\$ 21,308,363	\$ 19,154,413	\$ 35,398,235	\$ 33,142,313	\$ 31,659,037	\$ 15,390,929	\$ 10,104,943	\$ 25,802,378
Restricted for:										
Stabilization by State statute	13,686,337	12,845,946	15,617,944	14,036,419	11,153,113	8,727,555	-	-	-	-
Restricted, all other	23,225,509	4,493,650	4,287,300	12,551,518	27,503,219	1,250,092	-	-	-	-
Unrestricted	(79,853,142)	(94,888,828)	(91,105,688)	(101,233,902)	(131,483,110)	(110,118,490)	(113,765,405)	(116,043,276)	(118,028,841)	(107,189,190)
Total governmental activities net position	\$ (19,751,243)	\$ (34,602,645)	\$ (49,892,081)	\$ (55,491,552)	\$ (57,428,543)	\$ (66,998,530)	\$ (82,106,368)	\$ (100,652,347)	\$ (107,923,898)	\$ (81,386,812)
Business-type activities										
Net investment in capital assets	\$ 7,462,618	\$ 7,327,120	\$ 8,478,262	\$ 7,038,493	\$ 4,404,980	\$ 6,877,907	\$ 7,762,990	\$ 7,932,387	\$ 6,705,214	\$ 3,363,225
Unrestricted	3,322,472	2,539,292	2,563,784	3,862,994	2,753,605	(4,193)	(557,826)	1,459,512	4,279,258	3,566,096
Total business-type activities net position	\$ 10,785,090	\$ 9,866,412	\$ 11,042,046	\$ 10,901,487	\$ 7,158,585	\$ 6,873,714	\$ 7,205,164	\$ 9,391,899	\$ 10,984,472	\$ 6,929,321
Primary government										
Net investment in capital assets	\$30,652,671	\$ 50,273,707	\$ 29,786,625	\$ 26,192,906	\$ 39,803,215	\$ 40,020,220	\$ 39,422,027	\$ 23,323,316	\$ 16,810,157	\$ 29,165,603
Restricted for:										
Stabilization by State statute	13,686,337	12,845,946	15,617,944	14,036,419	11,153,113	8,727,555	-	-	-	-
Restricted, all other	23,225,509	4,493,650	4,287,300	12,551,518	27,503,219	1,250,092	-	-	-	-
Unrestricted	(76,530,670)	(92,349,536)	(88,541,904)	(97,370,608)	(128,729,502)	(110,122,683)	(114,323,231)	(114,583,764)	(113,749,583)	(103,623,094)
Total primary government net position	\$ (8,966,153)	\$ (24,736,233)	\$ (38,850,035)	\$ (44,589,765)	\$ (50,269,955)	\$ (60,124,816)	\$ (74,901,204)	\$ (91,260,448)	\$ (96,939,426)	\$ (74,457,491)

Note: In accordance with North Carolina law, liabilities of the County include approximately \$94 million in long-term debt associated with assets belonging to the Orange County Board of Education and the Chapel Hill-Carrboro Board of Education. As these assets are not reflected on the County's financial statements, while the full amount of long-term debt reflected on the County's financial statements, the County reports a deficit in net position.

Table 2

ORANGE COUNTY, NORTH CAROLINA

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

	For Year Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses:</b>										
Governmental activities:										
Community services	\$ 11,798,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General government	22,439,461	-	-	-	-	-	-	-	-	-
Support services	11,344,246	-	-	-	-	-	-	-	-	-
Governing and management	-	19,289,101	26,361,842	22,025,337	23,497,848	23,192,706	23,366,641	10,816,693	14,898,928	10,364,753
General services	-	9,178,467	7,867,632	6,980,383	7,222,770	7,155,635	6,826,209	18,730,842	12,422,454	11,404,059
Community and environment	-	13,773,024	11,552,941	9,821,519	9,786,774	10,288,447	12,726,270	10,932,997	20,065,425	9,922,055
Human services	46,087,661	38,142,905	36,755,137	35,126,478	33,431,309	33,536,733	33,011,737	37,604,903	38,842,566	34,318,247
Education	85,679,979	84,862,221	81,732,135	91,151,052	76,639,902	74,053,776	66,641,699	74,276,350	86,812,048	85,157,632
Public safety	28,476,942	27,613,011	25,479,585	24,569,638	23,717,846	22,352,109	21,796,091	20,166,400	23,399,912	20,546,205
Cultural and recreational	-	2,486,556	2,354,533	2,162,503	2,168,615	1,802,668	1,007,304	3,751,394	3,191,198	3,245,515
Interest on long-term debt	3,933,332	4,782,894	5,567,955	7,685,735	14,479,651	8,948,063	10,495,788	9,539,848	10,501,269	8,290,604
Total governmental activities expenses	209,759,881	200,128,179	197,671,760	199,522,645	190,944,715	181,330,137	175,871,739	185,819,427	210,133,800	183,249,070
Business-Type activities:										
Solid waste	10,280,177	11,037,061	11,463,642	6,892,530	10,552,420	10,436,377	11,216,161	10,036,966	8,342,749	6,560,515
Sewer	430,846	243,993	284,773	333,568	316,684	401,689	305,171	269,822	193,535	209,020
SportsPlex	3,420,624	3,215,365	3,135,791	3,020,626	2,909,120	2,977,153	2,937,975	3,145,593	2,800,482	2,721,368
Total business-type activities expenses	14,131,647	14,496,419	14,884,206	10,246,724	13,778,224	13,815,219	14,459,307	13,452,381	11,336,766	9,490,903
Total primary government expenses	\$ 223,891,528	\$ 214,624,598	\$ 212,555,966	\$ 209,769,369	\$ 204,722,939	\$ 195,145,356	\$ 190,331,046	\$ 199,271,808	\$ 221,470,566	\$ 192,739,973
<b>Revenues:</b>										
Governmental activities:										
Program revenues:										
Charges for services	15,778,566	15,698,925	14,100,487	13,235,408	12,766,266	12,532,375	11,926,481	11,707,014	12,233,135	13,340,016
Operating grants and contributions	26,418,629	26,224,918	26,259,362	24,611,570	23,403,397	24,934,383	25,180,675	23,255,128	23,447,199	23,514,334
Capital grants and contributions	1,059,278	1,112,971	1,656,217	2,489,408	6,075,501	5,578,325	4,270,546	5,900,817	1,648,654	3,857,083
General revenues:										
Property taxes	153,059,233	149,605,562	148,940,579	142,951,109	141,596,821	140,247,782	137,966,129	130,773,568	122,093,823	114,240,169
Other taxes	27,712,231	26,378,822	22,924,419	21,248,342	18,271,966	15,115,418	15,441,100	19,736,772	24,058,200	23,319,221
Other	267,113	25,268	29,414	107,517	756,382	102,822	(367,213)	2,222,054	2,340,763	3,724,713
Total governmental activities program revenues	224,295,050	219,046,466	213,910,478	204,643,354	202,870,333	198,511,105	194,417,718	193,595,353	185,821,774	181,995,536
Business-type activities:										
Charges for services	11,719,530	8,496,708	8,708,132	11,201,138	11,278,046	10,980,033	10,724,011	10,233,917	10,624,806	9,833,042
Operating grants and contributions	-	1,192,897	274,429	466,966	419,354	414,853	434,968	401,180	198,046	215,234
Other	162,555	2,328	2,969	9,624	10,067	15,753	1,113,593	720,336	2,344,005	1,237,757
Total business-type activities program revenues	11,882,085	9,691,933	8,985,530	11,677,728	11,707,467	11,410,639	12,272,572	11,355,433	13,166,857	11,286,033
Total primary government program revenues	236,177,135	228,738,399	222,896,008	216,321,082	214,577,800	209,921,744	206,690,290	204,950,786	198,988,631	193,281,569
Increase (decrease) in net position	12,285,607	14,113,801	10,340,042	6,551,713	9,854,861	14,776,388	16,359,244	5,678,978	(22,481,935)	541,596
<b>Change in net position</b>										
Net position, July 1, previously reported	(24,736,234)	(34,249,723)	(44,589,765)	(50,269,955)	(60,124,816)	(74,901,204)	(91,260,448)	(96,939,426)	(74,457,491)	(75,203,249)
Prior period adjustment	3,484,474	(4,600,312)	-	(871,523)	-	-	-	-	-	204,162
Net position, July 1, restated	(21,251,760)	(38,850,035)	(44,589,765)	(51,141,478)	(60,124,816)	(74,901,204)	(91,260,448)	(96,939,426)	(74,457,491)	(74,999,087)
Total net position, June 30	\$ (8,966,153)	\$ (24,736,234)	\$ (34,249,723)	\$ (44,589,765)	\$ (50,269,955)	\$ (60,124,816)	\$ (74,901,204)	\$ (91,260,448)	\$ (96,939,426)	\$ (74,457,491)

Note: Orange County changed to Functional Leadership Teams in FY 2015-16 (Community Services, General Government, and Support Services replaced Governing and management, General Services, Community and environment, and Cultural and recreational); the 2016 numbers are reflected of this organizational change.

ORANGE COUNTY, NORTH CAROLINA

TABLE 3

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

	For Year Ended June 30					
	2016	2015	2014	2013	2012	2011
<b>General Fund</b>						
Non-spendable:						
Prepaid items	\$ 3,001	\$ -	\$ -	\$ 16,946	\$ 16,946	\$ 12,794
Inventories	13,668	20,306	29,242	23,008	17,788	115,521
Restricted for:						
Stabilization for State statute	12,144,573	11,255,821	12,102,492	9,736,214	8,399,062	8,189,624
Committed:						
Health Benefits	7,543,841	-	-	-	-	-
General services	-	7,543,841	6,001,641	3,105,267	145,919	53,524
Assigned:						
Subsequent year expenditures	12,726,944	10,650,770	10,068,343	5,190,118	3,212,872	1,131,417
Restricted	-	-	-	-	921,525	-
Unassigned	32,034,160	35,548,843	33,913,229	36,608,054	35,145,394	27,782,007
<b>Total General Fund</b>	<b>64,466,187</b>	<b>65,019,581</b>	<b>62,114,947</b>	<b>54,679,607</b>	<b>47,859,506</b>	<b>37,284,887</b>
<b>All Other Governmental Funds</b>						
Non-spendable:						
Long-term portion of note receivable	-	-	-	-	-	-
Restricted for:						
Stabilization for State Statute	1,541,764	1,590,125	3,515,452	4,467,734	2,754,051	537,931
Restricted, all other						
Education	10,266,810	6,444,383	8,454,406	10,249,519	25,359,245	9,420,468
Human services	2,533,694	-	-	-	-	-
Governing and management	-	21,408,280	12,284,550	5,282,833	7,572,592	8,852,909
Public safety	1,590,761	2,402,687	1,539,413	1,081,573	979,080	885,111
Community services	3,160,345	-	-	-	-	-
Community and environment	-	2,297,379	2,747,887	1,052,897	1,164,894	364,981
Capital projects	23,780,620	-	-	-	-	-
Committed						
Human services	35,122	788,612	659,102	741,703	723,920	563,941
Education	-	113,388	113,371	113,352	583,490	2,227,377
Governing and management	-	32,494	32,488	32,483	32,466	2,035,800
Assigned:						
Human services	228,063	5,777,554	3,786,743	4,757,926	2,903,661	3,838,177
Community services	67,294	-	-	-	-	-
Community and environment	-	1,363,560	1,075,872	2,709,603	709,421	1,900,645
General services	-	72,133	9,154	9,154	9,150	196,618
Education	-	4,341,861	2,701,717	2,039,169	2,185,090	1,740,914
Capital projects	146,144	-	-	-	-	-
Unassigned	-	(276,297)	(2,695,073)	(3,667,415)	-	-
<b>Total All Other Government Funds</b>	<b>43,350,617</b>	<b>46,356,159</b>	<b>34,225,082</b>	<b>28,870,531</b>	<b>44,977,060</b>	<b>32,564,872</b>
<b>Total Government Funds</b>	<b>\$ 107,816,804</b>	<b>\$ 111,375,740</b>	<b>\$ 96,340,029</b>	<b>\$ 83,550,138</b>	<b>\$ 92,836,566</b>	<b>\$ 69,849,759</b>

Notes:

(1) The statements prior to 2011 fund balances have not been restated to reflect the impact of the 2011 implementation of Governmental Accounting Standards Board State No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The years 2011 and after reflect this implementation.

Note: Orange County changed to Functional Leadership Teams in FY 2015-16 (Community Services, General Government, and Support Services replaced Governing and management, General Services, Community and environment, and Cultural and recreational); the 2016 numbers are reflected of this organizational change.

General Fund

Reserved for:

	For Year Ended June 30			
	2010	2009	2008	2007
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
<b>Total reserved</b>	<b>9,942,748</b>	<b>9,195,023</b>	<b>11,427,136</b>	<b>11,427,136</b>
Unreserved:				
Designated:				
Subsequent year's expenditures	401,673	1,988,442	2,000,000	-
Undesignated	21,097,621	18,977,470	23,803,324	21,384,544
<b>Total unreserved</b>	<b>21,499,294</b>	<b>20,965,912</b>	<b>25,803,324</b>	<b>21,384,544</b>
<b>Total General Fund</b>	<b>31,442,042</b>	<b>30,160,935</b>	<b>37,230,460</b>	<b>32,811,680</b>

Reclassified (1)

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
<b>Total reserved</b>	<b>3,507,007</b>	<b>3,927,767</b>	<b>12,584,802</b>	<b>3,484,614</b>
Unreserved:				
Designated:				
Subsequent year's expenditures reported in:				
County capital improvements	10,825,474	30,024,830	6,170,186	44,841,610
School capital improvements	6,605,689	2,409,840	521,416	22,200,997
Non-major special revenue	375,417	71,289	112,741	400,258
Subsequent year's expenditures*	-	-	-	-
Undesignated	-	-	-	-
Reported in non-major special revenue	4,799,533	5,996,514	6,704,065	5,391,683
<b>Total unreserved</b>	<b>22,606,113</b>	<b>38,502,473</b>	<b>13,508,408</b>	<b>72,834,548</b>
<b>Total All Other Governmental Funds</b>	<b>26,113,120</b>	<b>42,430,240</b>	<b>26,093,210</b>	<b>76,319,162</b>
<b>Total Governmental Funds</b>	<b>\$ 57,555,162</b>	<b>\$ 72,591,175</b>	<b>\$ 63,323,670</b>	<b>\$ 109,130,842</b>

**ORANGE COUNTY, NORTH CAROLINA**

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

	For Year Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues</b>										
Property taxes	\$ 153,539,268	\$ 150,938,119	\$ 149,384,079	\$ 142,589,686	\$ 141,141,578	\$ 139,112,298	\$ 137,768,671	\$ 131,799,145	\$ 122,740,765	\$ 114,817,041
Occupancy tax	1,504,414	1,357,706	-	-	-	-	-	-	-	-
Sales tax	26,207,817	25,021,116	22,924,419	21,248,342	18,271,966	15,115,418	15,441,100	18,814,450	23,318,982	22,636,962
Intergovernmental revenues	27,002,678	27,337,889	27,212,924	26,395,066	28,588,962	29,118,062	27,776,901	29,155,945	25,095,853	27,371,417
Charges for services	10,787,145	12,620,908	10,998,366	10,317,422	10,094,081	10,312,004	10,386,667	9,639,871	9,930,526	10,560,926
Investment earnings	267,113	25,155	29,301	107,430	756,242	102,386	125,672	793,690	3,490,123	3,523,274
Licenses and permits	3,164,736	331,510	324,537	322,477	329,265	403,014	328,216	363,594	354,569	332,545
Impact fees	2,004,324	2,763,756	1,811,944	2,021,204	1,648,235	1,459,901	1,214,819	1,238,494	1,504,522	2,020,400
Miscellaneous	243,823	1,558,260	969,654	1,242,602	1,458,674	1,733,217	2,519,964	1,839,989	913,489	994,820
<b>Total revenues</b>	<b>224,721,318</b>	<b>221,954,419</b>	<b>213,655,224</b>	<b>204,244,229</b>	<b>202,289,003</b>	<b>197,356,300</b>	<b>195,562,010</b>	<b>193,645,178</b>	<b>187,348,829</b>	<b>182,257,385</b>
<b>Expenditures</b>										
Current:										
Community services	11,980,673	-	-	-	-	-	-	-	-	-
General government	9,369,732	-	-	-	-	-	-	-	-	-
Governing and management	-	13,050,437	13,027,305	12,280,547	11,946,149	11,547,032	13,454,030	9,451,313	8,809,336	7,765,185
General services	-	8,823,950	7,793,954	7,041,005	6,556,064	6,716,171	9,450,070	12,911,229	10,807,804	10,597,332
Community and environment	-	13,612,192	12,915,703	11,815,147	12,308,296	11,853,619	12,314,548	10,232,393	9,904,764	9,533,076
Human services	46,769,208	37,584,165	36,235,780	34,689,069	32,661,585	33,090,063	34,048,520	35,910,264	35,132,231	33,848,886
Education	85,679,979	78,548,393	71,212,992	67,488,591	63,939,903	63,912,513	63,048,729	64,722,715	60,385,461	56,993,744
Public safety	28,396,838	26,634,573	25,678,516	23,304,121	23,063,645	22,643,182	20,810,410	20,926,310	20,285,768	19,786,208
Support services	11,661,104	-	-	-	-	-	-	-	-	-
Cultural and recreational	-	2,647,079	2,395,681	2,167,876	2,078,964	1,810,933	1,790,199	3,322,213	3,114,616	3,156,900
Capital outlay	7,580,903	13,030,640	20,928,560	31,105,574	19,779,947	18,376,147	33,204,669	38,607,718	58,704,637	38,967,226
Debt Service:										
Principal	20,049,781	19,344,248	18,803,953	16,267,209	18,718,055	18,715,710	17,180,037	17,038,179	15,258,741	14,588,007
Interest	6,867,259	8,369,842	6,680,919	8,759,668	15,280,193	9,909,939	8,634,932	9,170,485	9,462,709	8,114,118
<b>Total expenditures</b>	<b>228,355,477</b>	<b>221,645,519</b>	<b>215,673,363</b>	<b>214,918,807</b>	<b>206,332,801</b>	<b>198,575,309</b>	<b>213,936,144</b>	<b>222,292,819</b>	<b>231,866,067</b>	<b>203,350,682</b>
Excess of revenues										
Over (Under) expenditures	(3,634,159)	308,900	(2,018,139)	(10,674,578)	(4,043,798)	(1,219,009)	(18,374,134)	(28,647,641)	(44,517,238)	(21,093,297)
<b>Other financing sources (uses)</b>										
Bonds issuance	-	1,904,232	-	1,680,206	14,195,360	-	1,762,954	-	-	-
Refunding issuance	-	15,140,000	-	13,300,000	96,693,500	-	22,455,000	-	-	-
Refunding issue costs	-	-	-	-	-	-	-	-	-	-
Payments to escrow agent - refunding	-	(17,972,035)	-	(13,685,000)	(104,030,089)	-	(24,021,358)	-	-	-
Installment loans issuance	6,655,158	16,040,546	18,549,081	2,099,099	22,031,500	11,899,439	4,136,434	38,700,000	-	59,057,000
Capital leases issuance	-	-	-	-	-	-	-	562,617	-	-
Proceeds from sale of capital assets	32,167	-	-	-	-	-	-	-	-	-
Transfers in	8,280,750	6,756,556	8,036,336	11,265,642	7,663,511	7,630,887	14,606,087	14,070,320	10,688,569	11,791,989
Transfers out	(10,115,298)	(9,133,299)	(10,806,204)	(13,685,581)	(10,029,142)	(9,854,897)	(15,600,987)	(14,641,700)	(12,754,594)	(12,598,789)
<b>Total other financing sources (uses)</b>	<b>4,852,777</b>	<b>12,736,000</b>	<b>15,779,213</b>	<b>974,366</b>	<b>26,524,640</b>	<b>9,675,429</b>	<b>3,338,130</b>	<b>38,691,237</b>	<b>(2,066,025)</b>	<b>58,250,200</b>
<b>Net change in fund balances</b>	<b>\$ 1,218,618</b>	<b>\$ 13,044,900</b>	<b>\$ 13,761,074</b>	<b>\$ (9,700,212)</b>	<b>\$ 22,480,842</b>	<b>\$ 8,456,420</b>	<b>\$ (15,036,004)</b>	<b>\$ 10,043,596</b>	<b>\$ (46,583,263)</b>	<b>\$ 37,156,903</b>
Debt service as a percentage of non-capital expenditures	11.98%	12.70%	12.05%	11.87%	18.22%	15.88%	14.28%	13.38%	15.05%	13.63%

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

Note: Orange County changed to Functional Leadership Teams in FY 2015-16 (Community Services, General Government, and Support Services replaced Governing and management, General Services, Community and environment, and Cultural and recreational); the 2016 numbers are reflected of this organizational change.

**ORANGE COUNTY, NORTH CAROLINA**

**Table 5**

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

Fiscal Year	Real Property	Personal Property	Public-Service Companies	Less Tax-Exempt Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Market Value	Assessed Value as a Percent of Actual Value
2007	\$ 10,936,261,416	\$ 1,214,967,577	\$ 218,479,438	\$ 39,393,242	\$ 12,330,315,189	0.903	\$ 13,740,043,669	89.74%
2008	11,183,241,007	1,219,216,812	218,549,070	39,786,610	12,581,220,279	0.950	14,977,643,189	84.00%
2009	11,423,377,444	1,214,725,067	226,279,680	44,144,633	12,820,237,558	0.998	15,577,445,392	82.30%
2010	14,131,248,011	1,234,045,107	233,399,929	59,956,991	15,538,736,056	0.858	18,091,437,950	85.89%
2011	14,349,991,992	1,173,260,442	228,934,751	62,197,005	15,689,990,180	0.858	18,269,667,186	85.88%
2012	14,509,087,828	1,217,661,746	234,219,001	61,832,450	15,899,136,125	0.858	18,726,408,865	84.90%
2013	14,630,730,056	1,274,117,983	235,565,073	64,439,641	16,075,973,471	0.858	18,896,681,052	85.07%
2014	14,734,501,833	* 1,724,462,428	239,923,242	66,527,135	16,632,360,368	0.858	19,398,362,762	85.57%
2015	14,863,350,430	1,461,891,252	244,191,811	67,500,359	16,501,943,134	0.878	19,323,118,424	85.40%
2016	15,020,157,254	1,442,897,338	382,744,805	67,617,005	16,778,182,392	0.878	19,676,536,170	85.27%

Source: Annual County Report of Valuation and Property Tax Levies

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

**ORANGE COUNTY, NORTH CAROLINA**

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

Table 6

	For Year Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>County Direct Rates</b>										
Orange County (1)	\$ 0.0878	\$ 0.0878	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.9980	\$ 0.9500	\$ 0.9030
Total general direct rate	0.0878	0.0878	0.0858	0.0858						
Fire Districts (2)	0.0623	0.0599	0.0663	0.0593						
Total direct rate	<u>\$ 0.1501</u>	<u>\$ 0.1477</u>	<u>\$ 0.1521</u>	<u>\$ 0.1451</u>						
Fire districts:										
Cedar Grove					0.0736	0.0736	0.0736	0.0730	0.0730	0.0730
Chapel Hill					0.0750	0.0750	0.0750	0.0490	0.0190	0.0190
Damascus					0.0500	0.0500	0.0600	0.0600	0.0500	0.0400
Efland					0.0466	0.0466	0.0460	0.0523	0.0423	0.0423
Eno					0.0599	0.0599	0.0599	0.0570	0.0570	0.0570
Little River					0.0406	0.0406	0.0406	0.0460	0.0460	0.0460
New Hope					0.0895	0.0695	0.0695	0.0675	0.0675	0.0675
Orange Grove					0.0408	0.0358	0.0580	0.0420	0.0390	0.0390
Orange Rural					0.0561	0.0636	0.0636	0.0630	0.0560	0.0560
South Orange					0.0785	0.0785	0.0785	0.0950	0.0400	0.0400
Southern Triangle					0.0500	0.0500	0.0500	0.0600	0.0500	0.0400
White Cross					0.0700	0.0600	0.0600	0.0600	0.0500	0.0420
Chapel Hill-Carrboro School District	0.2084	0.2084	0.2084	0.1884	0.1884	0.1884	0.1884	0.2300	0.2035	0.1885
Municipality rates:										
Chapel Hill	0.5240	0.5240	0.5140	0.4940	0.4940	0.4940	0.4940	0.5810	0.5220	0.5220
Carrboro	0.5894	0.5894	0.5894	0.5894	0.5894	0.5894	0.5894	0.6863	0.6537	0.6244
Hillsborough	0.6800	0.6800	0.6800	0.6800	0.6200	0.6200	0.6200	0.6700	0.6350	0.6200
Mebane	0.4900	0.4900	0.4700	0.4700	0.4700	0.4700	0.4700	0.4700	0.5000	0.5000

Source: Orange County Tax Assessor Office

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

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

ORANGE COUNTY, NORTH CAROLINA

Table 7

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

Taxpayer	Type of Business	2016			2007		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Public utility	\$ 118,667,657	1	0.60%	\$ 85,032,008	1	0.62%
Piedmont Electric Membership	Public utility	56,085,377	2	0.29%	42,058,880	5	0.31%
Northwestern Nothweterm Mutual Life Insurance C	Apartment rental	38,876,622	3	0.20%			
Corium LLC	Office rental	35,388,300	4	0.18%	32,584,496	9	0.24%
East 54	Office/Retail	35,239,900	5	0.18%			
ACC GF III Chapel Ridge/Chapel View LLC	Condos	35,037,316	6	0.18%			
Madison University Mall LLC	Retail	32,792,795	7	0.17%			
Public Service Co of NC INC	Public utility	31,580,462	8	0.16%			
Europea Center LLC	Hotel	28,444,066	9	0.14%			
Granville Towers LLC	Apartments rental	27,428,717	10	0.14%			
VAC Limited Partnership	Apartments rental				62,932,010	2	0.46%
US CT LLC	Propert Owners Trust				50,171,736	3	0.37%
Southeast region IV, LLC					43,904,279	4	0.32%
Blue Cross and Blue Shield of N.C.	Health Insurance				41,499,386	6	0.30%
University Mall	Rental				36,437,198	7	0.27%
Bell South Telephone and Telegraph Co.	Public Utility				34,013,462	8	0.25%
Patriots Point, LLC	Real estate				30,322,127	10	0.22%
Total		<u>\$ 439,541,212</u>		<u>2.24%</u>	<u>\$ 458,955,582</u>		<u>3.36%</u>

Source: Orange County Tax Assessor.

ORANGE COUNTY, NORTH CAROLINA

Table 8

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

Tax Year	Year Ended June 30	Current* Adjusted Tax Levy	Current Years' Levy Collections	Percentage Collected	Prior Years' Levy Collections	Total Collections During Year	Percent of Total Collections to Adjusted Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Adjusted Tax Levy
2006	2007	\$ 111,171,556	\$ 110,014,826	98.96%	\$ 1,053,864	\$ 111,068,690	99.91%	\$ 2,774,093	2.50%
2007	2008	119,467,330	117,907,855	98.69%	984,746	118,892,601	99.52%	3,293,772	2.76%
2008	2009	127,813,510	126,215,432	98.75%	1,282,847	127,498,279	99.75%	3,660,536	2.86%
2009	2010	133,475,926	131,642,477	98.63%	1,540,429	133,182,906	99.78%	3,953,556	2.96%
2010	2011	135,126,347	133,163,625	98.55%	1,606,528	134,770,153	99.74%	3,550,073	2.63%
2011	2012	136,779,611	134,715,752	98.49%	1,157,337	135,873,089	99.34%	3,904,558	2.85%
2012	2013	137,962,627	135,750,916	98.40%	1,636,473	137,235,475	99.47%	4,479,776	3.25%
2013	2014	142,778,607	141,033,067	98.78%	2,026,279	143,059,346 **	97.34%	4,199,037	2.94%
2014	2015	145,238,432	143,903,487	99.08%	1,504,945	145,408,432 **	97.30%	4,029,037	2.77%
<b>2015</b>	<b>2016</b>	<b>146,967,477</b>	<b>145,747,667</b>	<b>99.17%</b>	<b>1,309,964</b>	<b>147,057,631 **</b>	<b>97.39%</b>	<b>3,938,883</b>	<b>2.68%</b>

\*Tax levy includes special districts

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

ORANGE COUNTY, NORTH CAROLINA

Table 9

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Installment Loans	Capital Leases	State Revolving Loans	Bond Premium	Installment Loans	Capital Leases			
2007	\$ 139,215,000	\$ 92,219,561	\$ 1,849,471	\$ -	\$ (530,792)	\$ 6,013,542	\$ 1,676,173	\$ 240,442,955	1,927	4.76%
2008	130,290,000	86,838,352	903,355	-	(540,103)	5,419,895	1,147,582	224,059,081	1,763	3.82%
2009	121,415,000	113,038,877	2,382,346	-	(549,389)	8,634,353	1,442,894	246,364,081	1,881	2.22%
2010	112,520,000	109,163,100	2,049,520	-	1,160,617	8,147,895	1,004,725	234,045,857	1,759	2.56%
2011	103,490,000	109,732,854	3,200,000	-	1,490,486	7,661,455	1,024,821	226,599,616	1,682	3.54%
2012	95,520,000	114,393,535	2,486,176	-	15,685,846	10,175,318	606,855	238,867,730	1,611	3.38%
2013	86,205,000	105,697,170	1,746,233	2,099,099	16,583,769	9,429,225	325,128	222,085,624	1,485	2.88%
2014	77,150,000	120,189,844	-	1,663,703	15,318,561	8,724,908	-	223,047,016	1,487	3.43%
2015	68,355,000	122,631,057	-	2,679,597	14,118,757	9,980,805	-	217,765,216	1,438	3.47%
<b>2016</b>	<b>59,280,000</b>	<b>118,995,610</b>	<b>-</b>	<b>2,533,957</b>	<b>9,995,850</b>	<b>9,799,916</b>	<b>-</b>	<b>200,605,333</b>	<b>1,415</b>	<b>3.89%</b>

(1) See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

ORANGE COUNTY, NORTH CAROLINA

Table 10

Ratios of Net General Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Total	Percentage of Personal Income (1)	Percentage of Actual Taxable	
	General Obligation Bonds	Installment Loans	State Revolving loan	Bond (Discount) Premium				Value of Property (2)	Per Capita (1)
2007	\$ 130,255,000	\$ 92,219,561	\$ -	\$ (530,792)	\$	221,943,769	2.57%	1.62%	1,775
2008	130,290,000	86,838,352	-	(540,103)		216,588,249	4.28%	1.45%	1,701
2009	121,415,000	113,038,877	-	(549,389)		233,904,488	4.29%	1.50%	1,784
2010	112,520,000	109,163,100	-	1,160,617		222,843,717	3.73%	1.23%	1,683
2011	103,490,000	109,732,854	-	1,490,486		214,713,340	3.47%	1.18%	1,605
2012	95,520,000	114,393,535	-	15,685,846		225,599,381	3.60%	1.20%	1,628
2013	86,205,000	105,697,170	2,099,099	16,583,769		210,585,038	3.19%	1.11%	1,522
2014	77,150,000	120,189,844	1,663,703	15,318,561		214,322,108	3.01%	1.10%	1,534
2015	68,355,000	122,631,057	2,679,597	14,118,757		207,784,411	2.83%	1.08%	1,467
<b>2016</b>	<b>59,280,000</b>	<b>118,995,610</b>	<b>2,533,957</b>	<b>9,995,850</b>		<b>190,805,417</b>	<b>2.52%</b>	<b>0.97%</b>	<b>1,347</b>

\*Information not yet available.

Notes: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

- (1) See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (2) See Table 5 for property value data.

ORANGE COUNTY, NORTH CAROLINA

Table 11

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

	For Year Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Assessed value of property (not in thousands)	\$ 16,778,182,392	\$ 16,501,943,134	\$ 16,632,360,368	\$ 16,075,973,471	\$ 15,899,136,125	\$ 15,689,990,180	\$ 15,538,736,056	\$ 12,820,237,558	\$ 12,581,220,279	\$ 12,330,315,189
Debt limit, 8% of assessed value (statutory limitation)	1,342,255	1,320,155	1,330,589	1,286,078	1,271,931	1,255,199	1,243,099	1,025,619	1,006,498	986,425
Amount of debt applicable to limit:										
Gross debt	190,805	207,784	214,322	210,585	225,599	214,713	222,844	233,904	216,588	221,944
Less:										
Amount available for repayment of general obligation bonds						-	-	-	-	-
Debt outstanding for water and sewer purposes						-	-	-	-	-
Revenue bonds						-	-	-	-	-
Total net debt applicable to limit	190,805	207,784	214,322	210,585	225,599	214,713	222,844	233,904	216,588	221,944
Legal debt margin	\$ 1,151,449	\$ 1,112,371	\$ 1,116,267	\$ 1,075,493	\$ 1,046,332	\$ 1,040,486	\$ 1,020,255	\$ 791,715	\$ 789,909	\$ 764,481
Total net debt applicable to limit as a percentage of debt limit	14.22%	15.74%	16.11%	16.37%	17.74%	17.11%	17.93%	22.81%	21.52%	22.50%

Note: NC Statute 159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit; money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds yet to be issued; and revenue bonds. The debt limit and the County's net debt outstanding applicable to the limit and represents the County's legal borrowing authority.

ORANGE COUNTY, NORTH CAROLINA

Table 12

Direct and Overlapping Governmental Activities Debt  
(Unaudited)  
As of June 30, 2016

Governmental Unit	Debt Outstanding	(2) Percentage Municipality in County	Estimated Share of Direct and Overlapping Debt
Municipalities:			
Town of Carrboro	\$ 6,971,705	100%	\$ 6,971,705
Town of Chapel Hill	56,274,753	100%	56,274,753
Town of Hillsborough	26,316,326	100%	26,316,326
City of Durham	379,901,536	3%	11,397,046
Town of Mebane	5,679,680	30%	1,703,904
Overlapping debt	475,144,000		102,663,734
Direct debt	190,805		188,075
Total direct and overlapping debt:	\$ 475,334,805		\$ 102,851,809

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

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

ORANGE COUNTY, NORTH CAROLINA

Table 13

Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

Year	Population (1)	Personal Income (2) (Thousands of Dollars)	Per Capita Personal Income (2)	Median Age	Public Schools Enrollment (3)	Unemployment Rate (4)	Number of Building Permits Performed (5)
2007	125,046	\$ 5,060,894	35,191	32.20	18,530	3.3%	1,745
2008	127,344	5,450,187	35,229	32.15	18,580	3.2%	1,965
2009	131,123	5,976,341	35,084	33.20	18,696	6.3%	1,573
2010	132,386	6,186,351	47,063	33.00	18,552	6.6%	1,215
2011	133,801	6,268,886	47,925	33.10	19,026	6.5%	1,962
2012	138,550	6,608,945	46,713	33.00	19,462	6.5%	1,640
2013	138,330	7,131,776	48,683	33.49	19,553	6.2%	1,769
2014	139,694	7,345,876	51,702	33.49	19,651	5.7%	1,791
2015	141,596	7,557,466	52,339	34.57	19,759	4.8%	1,852
2016	<b>141,704</b>	<b>7,822,229</b>	<b>52,989</b>	<b>35.05</b>	<b>19,635</b>	<b>4.4%</b>	3,026

Notes:

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

Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
UNC-Chapel Hill	18,335	1	25.00%	11,000	1	16.35%
UNC Health Care	12,095	2	16.50%	6,956	2	10.34%
Chapel Hill-Carrboro City Schools	2,000	3	2.73%	1,686	3	2.51%
Orange County Schools	1,100	4	1.50%	1,031	5	1.53%
Orange County Government	992	5	1.35%	963	6	1.43%
Town of Chapel Hill	700	6	0.95%	678	7	1.01%
General Electric	502	7	0.68%	501	9	0.74%
Sports Endeavors Inc.	382	8	0.52%			
Aramark Services	354	9	0.48%			
Walmart	322	10	0.44%	414	10	0.62%
Blue Cross Blue Shield				1,612	4	2.40%
A Southern Seasons				501	8	0.74%

Source: Orange County Economic Development Commission, Employment Security Commission

\* UNC-Chapel has 12,467 full-time employees plus full time equivalents of 5,868

**ORANGE COUNTY, NORTH CAROLINA**

**Table 15**

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

Function/Program	For Year Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Government and management	-	101.75	96.15	91.95	94.40	91.55	109.80	74.20	58.00	60.00
General services	-	86.03	78.50	61.10	62.90	60.15	84.80	123.40	101.00	113.60
Community and environment	-	95.20	89.40	92.50	84.70	90.90	87.60	55.55	55.00	53.00
Human services	-	297.86	312.48	293.43	308.10	304.50	325.40	318.60	287.00	299.10
Public safety	-	265.28	262.90	263.68	246.80	241.20	227.20	223.40	214.80	206.00
Cultural and recreational	-	29.53	33.00	35.15	28.43	29.83	24.03	49.25	31.60	32.60
Solid Waste Enterprise	-	62.28	60.25	58.20	57.25	53.10	51.40	44.40	55.00	40.00
Community Services	<b>132.80</b>	-	-	-	-	-	-	-	-	-
General Government	<b>100.43</b>	-	-	-	-	-	-	-	-	-
Human Services	<b>341.76</b>	-	-	-	-	-	-	-	-	-
Support Services	<b>74.30</b>	-	-	-	-	-	-	-	-	-
Public Safety	<b>269.58</b>	-	-	-	-	-	-	-	-	-
Solid Waste	<b>62.65</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>981.52</b>	<b>937.93</b>	<b>932.68</b>	<b>896.01</b>	<b>882.58</b>	<b>871.23</b>	<b>910.23</b>	<b>888.80</b>	<b>802.40</b>	<b>804.30</b>

Source: County Finance and Administrative Services Department

Note: Orange County changed to Functional Leadership Teams in fiscal year 2015-16; the 2016 numbers are reflected of this organizational change. This table represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full-time personnel work 2,080 hours per year (less vacation and sick leave). For purposes of this table the number of part-time employees has been divided by 2.5 to arrive at the full-time equivalents.

ORANGE COUNTY, NORTH CAROLINA

Table 16

Operating Indicators by Function  
Last Ten Fiscal Years  
(Unaudited)

Function/Program	For Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governing and Management:										
Number of animals sheltered	4,610	4,470	4,504	4,037	3,750	3,419	3,495	3,258	3,246	<b>3,162</b>
Number of rabies investigations	186	210	149	243	140	108	101	186	232	<b>86</b>
Employment applications received	4,500	2,015	3,650	1,979	3,000	3,347	9,256	7,980	6,703	<b>8,891</b>
General Services:										
Incoming Calls to Technology Help Desk	2,447	3,733	4,447	4,561	6,409	7,879	9,086	11,020	11,825	<b>12,416</b>
Real Estate documents processed	27,206	28,744	22,975	23,875	23,804	22,901	25,904	19,672	19,214	<b>19,969</b>
Vital records recorded and issued	12,150	15,223	18,081	18,454	18,321	18,188	18,308	17,988	18,909	<b>20,297</b>
Community and Environment:										
Building permits issued	914	891	824	667	658	661	635	666	815	<b>890</b>
Building, plumbing, mechanical, and electrical inspections completed	18,222	17,000	13,545	12,125	15,400	13,092	10,648	10,688	14,900	<b>17,000</b>
Human Services:										
Households receiving food stamps	2,978	3,230	3,430	3,785	5,403	6,234	6,504	6,634	N/A	<b>N/A</b>
Individuals receiving food stamps	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,793	<b>10,640</b>
Number of Medicaid cases	6,019	6,424	6,820	6,952	7,089	9,532	10,028	13,575	12,960	<b>12,496</b>
Number of families receiving daycare subsidy	280	330	600	655	560	715	741	700	685	<b>710</b>
Total number of dental patient visits	3,722	3,495	4,165	3,945	2,277	3,605	4,747	5,279	6,131	<b>6,949</b>
Family planning clients served	1,156	1,150	1,045	1,189	1,431	1,004	1,104	1,317	1,812	<b>1,032</b>
Public Safety:										
Requests for EMS service	10,988	11,463	10,945	10,988	11,655	13,287	13,132	12,554	13,810	<b>16,607</b>
Number of fire inspections	235	270	87	90	300	279	272	379	400	<b>308</b>
Average number of non-federal inmates per month	162	170	175	175	170	180	180	170	173	<b>76</b>
Culture and Recreation:										
Library materials circulated at Orange County Library	178,911	180,000	209,023	271,066	337,010	405,282	444,261	422,265	442,367	<b>450,372</b>
Number of reference volumes at Orange County Library	2,475	2,493	2,300	3,766	2,555	2,600	3,161	2,697	2,240	<b>2,897</b>
Education:										
Average daily membership (NCDPI Planning #'s)	18,192	18,530	18,898	18,696	18,990	19,549	19,757	20,051	20,202	<b>20,040</b>
County current expense appropriation per pupil (\$)	2,957	2,957	3,200	3,096	3,096	3,102	3,167	3,269	3,571	<b>3,697.50</b>

N/A - Information was not available

Source: Orange County Finance and Administrative Services Department

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

Function/Program	For Year Ended June 30								
	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Human Services:</b>									
Public health occupied square footage	18,400	18,400	18,400	18,400	33,638	33,638	30,027	31,433	<b>31,433</b>
Social services occupied square footage	24,584	24,584	27,595	60,181	59,825	59,825	55,430	55,437	<b>55,437</b>
Cooperative extension occupied square footage	4,986	4,986	4,986	4,986	4,986	4,986	4,968	5,198	<b>5,198</b>
Number of centers	12	13	13	13	13	13	13	14	<b>15</b>
<b>Public Safety:</b>									
Number of law enforcement vehicles	118	111	125	129	137	141	153	146	<b>143</b>
Number of emergency services vehicles	42	38	38	33	28	31	32	34	<b>34</b>
Number of animal control vehicles	8	8	8	8	6	6	6	6	<b>6</b>
Detention capacity	129	129	129	129	129	129	129	129	<b>129</b>
<b>Cultural and Recreational:</b>									
Libraries - branches	4	4	5	3	3	3	3	3	<b>3</b>
Volume of library books	253,484	278,488	271,066	195,282	113,978	100,843	103,259	111,421	<b>114,580</b>
<b>Education:</b>									
Number of schools	29	29	29	29	29	29	30	30	<b>30</b>

Information for the year ended June 30, 2007 was not available  
Source: Orange County Finance and Administrative Services Department