

# 2018 POPULAR ANNUAL FINANCIAL REPORT

*for the year ended June 30, 2018*

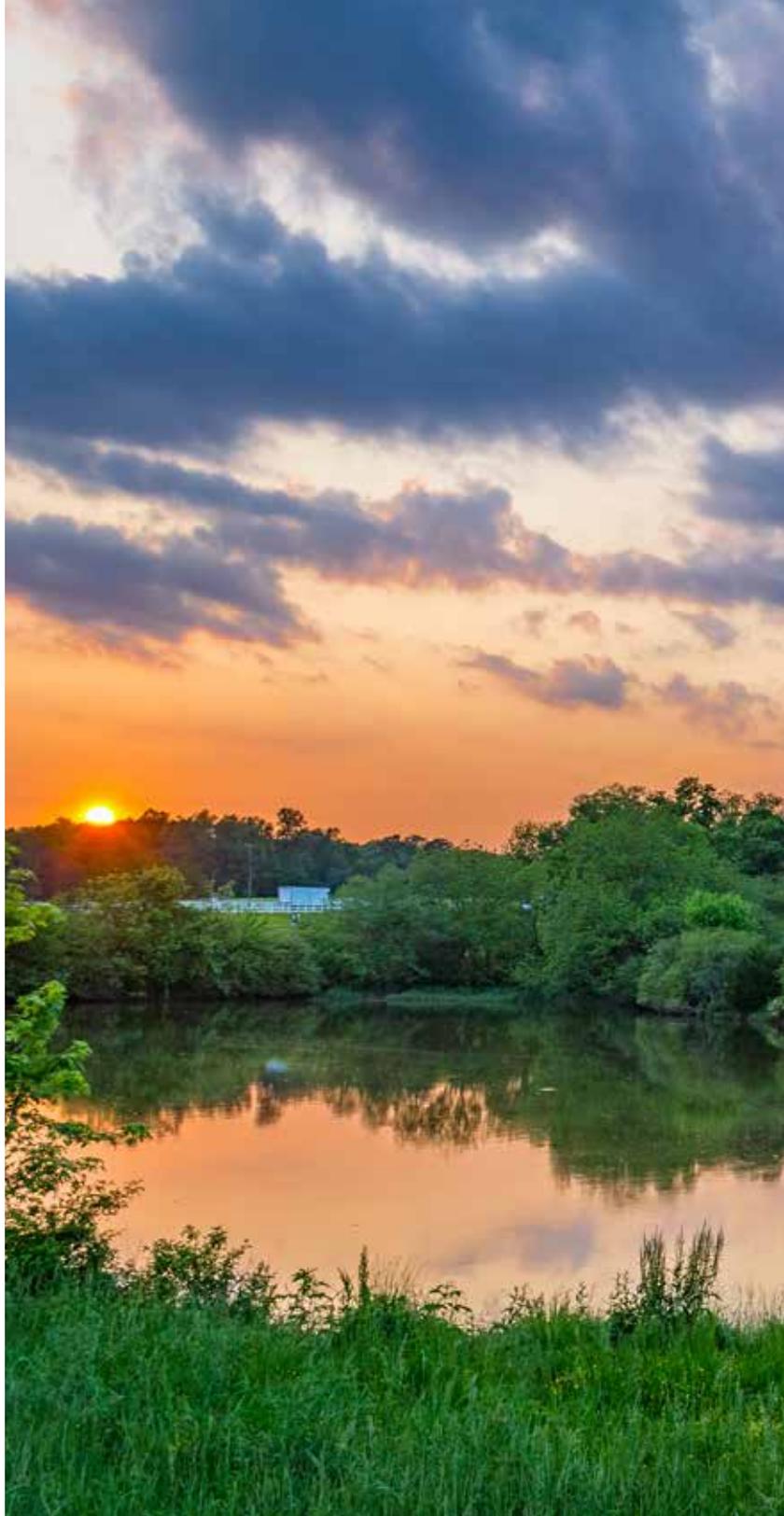
# 2018 POPULAR ANNUAL FINANCIAL REPORT

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The Orange County Department of Finance and Administrative Services is proud to present this Popular Annual Financial Report (PAFR). This short-form report provides summarized information about the County's financial activities. It is intended to give readers an overview of the County and its finances. It is derived from, but does not provide all the detailed information required by accounting standards (Generally Accepted Accounting Principles—or GAAP). It does not include information on all of the County's Funds or Component Units.

Detailed financial information, including the audited financial statements, is available in the County's Comprehensive Annual Financial Report, which is referred to as the CAFR. The CAFR provides full disclosure of all material events in the notes to the financial statements, as well as required supplementary information and historical statistical information.

**The CAFR is available online at:  
[www.orangecountync.gov/CAFR](http://www.orangecountync.gov/CAFR)**



## CONTENTS

### ABOUT *the* COUNTY

The Department of Finance and Administrative Services . . . . .	3
Orange County Quick Facts. . . . .	4
Orange County Metrics . . . . .	5
Key County Data . . . . .	6-7
Orange County Government . . . . .	8
Organizational Structure . . . . .	9

### COUNTY FINANCES

Revenues . . . . .	10
Net Position . . . . .	11
General Fund . . . . .	12-14
Debt. . . . .	15
Assets . . . . .	16

### COUNTY PRIORITIES *and* ACCOMPLISHMENTS . . . 17-18

### GLOSSARY *of* TERMS . . . . 19

*Cover Photo, "Silky Eno" and Photo at Left, "Sunset at Maple View Farm" by Charles R. Sheppard II.*

# THE DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

## *Department Mission Statement:*

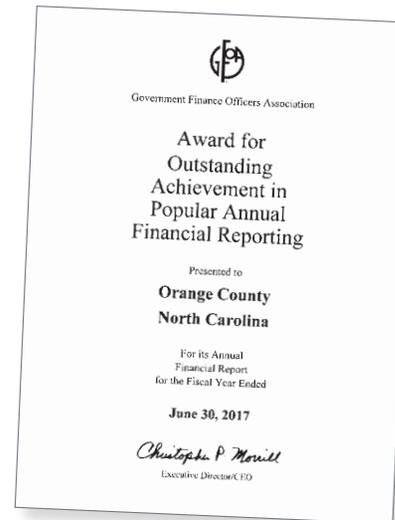
The Department strives to be a strategic partner in providing fiscal leadership, excellent service delivery, and financial accountability for all residents and stakeholders.

The Department of Finance and Administrative Services exists to provide governmental services requested by our residents or mandated by the state of North Carolina and to communicate the County's strong fiscal position through clear and concise financial reporting.

### **PAFR REPORTING**

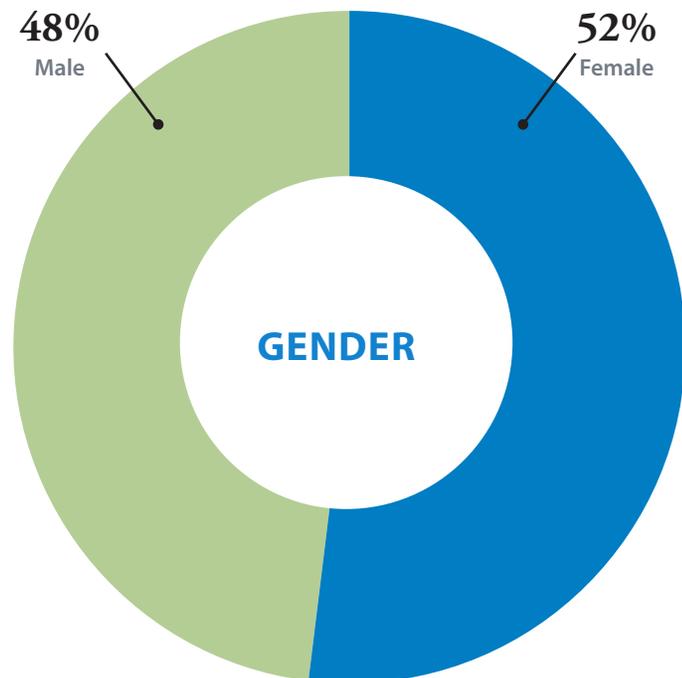
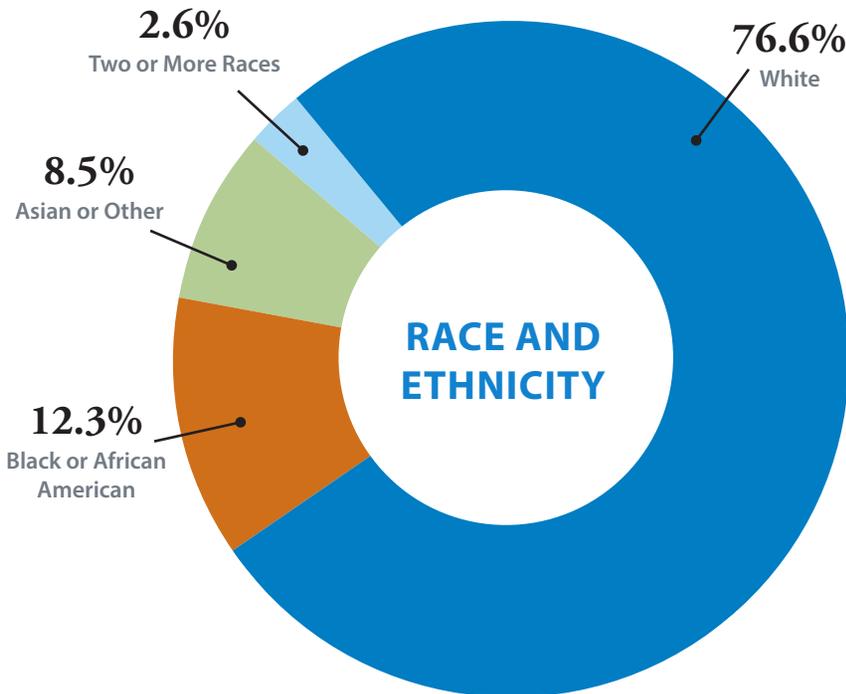
Orange County will submit the PAFR to the Government Finance Officers Association of the United States and Canada (GFOA) and to the residents of Orange County of North Carolina. The goal is to obtain the Award for Outstanding Achievement in Popular Annual Financial Reporting for the third year.

The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest national standards for preparation of state and local government popular financial reports.



# ORANGE COUNTY QUICK FACTS

<b>FOUNDED:</b>	1752
<b>GEOGRAPHY:</b>	<i>Land:</i> 398 square miles • <i>Water:</i> 3.5 square miles
<b>DEMOGRAPHICS:</b>	<i>Residents:</i> 143,873 • <i>Median Age:</i> 35.05 • <i>Per capita personal income:</i> \$54,600
<b>RACE AND ETHNICITY:</b>	<i>White:</i> 76.6% • <i>Black or African American:</i> 12.3% • <i>Asian or other:</i> 8.5% • <i>Two or more races:</i> 2.6%
<b>GENDER:</b>	<i>Female:</i> 52% • <i>Male:</i> 48%
<b>EDUCATION:</b>	<i>High School Graduates:</i> 90% • <i>Bachelor's Degree:</i> 56.2%



# ORANGE COUNTY METRICS

FUNCTION/PROGRAM	2016	2017	2018
<b>GOVERNING AND MANAGEMENT</b>			
Number of animals sheltered	3,162	2,934	2,966
Employment applications received	8,891	7,519	6,453
<b>GENERAL SERVICES</b>			
Incoming calls to Technology Help Desk	12,416	10,696	10,842
Real estate documents processed	19,969	20,558	18,740
Vital records recorded and issued	20,297	22,164	20,945
<b>COMMUNITY AND ENVIRONMENT</b>			
Building permits issued	890	891	986
Building, plumbing, mechanical, and electrical inspections completed	17,000	16,616	18,477
<b>HUMAN SERVICES</b>			
Number of Medicaid cases	12,496	12,867	13,066
Number of families receiving daycare subsidy	710	750	721
Total number of dental patient visits	6,949	6,924	6,840
Family planning clients served	1,032	1,026	829

FUNCTION/PROGRAM	2016	2017	2018
<b>PUBLIC SAFETY</b>			
Requests for EMS service	16,607	16,908	17,227
Number of fire inspections	308	366	350
Average number of non-federal inmates per month	76	76	75
<b>CULTURE AND RECREATION</b>			
Library materials circulated at Orange County Library	450,372	427,632	463,348
Number of reference volumes at Orange County Library	2,897	2,672	2,813
<b>EDUCATION</b>			
Average daily membership (NCDPI Planning numbers)	20,040	19,959	20,232
County current expense appropriation per pupil (\$)	3,697	3,868	3,991



## KEY COUNTY DATA

### POPULATION/GROWTH RATES

According to the United States Census, the County has experienced population growth of 3% over the last five years. The following table presents the historical population of Orange County over the past five years.

Source: Orange County Economic Development

#### ORANGE COUNTY POPULATION

YEAR	POPULATION
2013	138,330
2014	139,694
2015	141,596
2016	141,704
2017	143,264
2018	143,873*

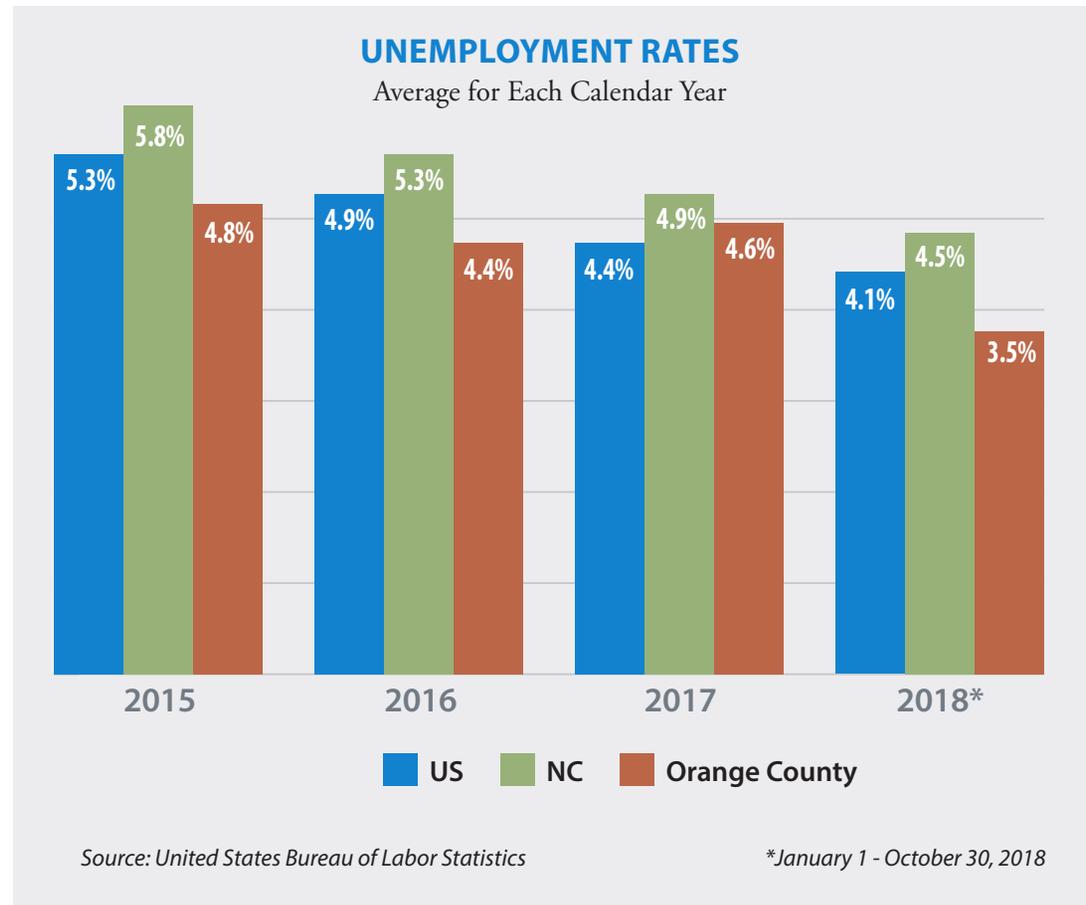
Source: North Carolina Office of State Planning

\*Projection

### EMPLOYMENT

The County's unemployment rate has consistently been low. The following graph presents the average monthly unemployment rates for each of the past five calendar years.

Per the U.S. Bureau of Labor and Economic Analysis, the County's 2018 unemployment rate of 3.5% was below the state rate of 4.5% and national rate of 4.1%.



## KEY COUNTY DATA

The County is home to the University of North Carolina at Chapel Hill and UNC Health Care, which are major employment sources. The County's primary 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.

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. The following table presents firms employing the most persons in the County as of the most recent available information.

### 2018 TOP 10 EMPLOYERS

	EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
1	UNC Health Care	12,475	18.5%
2	UNC-Chapel Hill	11,079	16.43%
3	Chapel Hill-Carrboro City Schools	2,262	3.35%
4	Orange County Schools	1,297	1.92%
5	Orange County Government	925	1.37%
6	Town of Chapel Hill	657	0.97%
7	UNC Physicians	548	0.81%
8	General Electric	459	0.68%
9	Aramark Services	413	0.61%
10	AKG of America	330	0.49%
	<b>TOTAL</b>	<b>30,445</b>	<b>45.1%</b>



## ORANGE COUNTY GOVERNMENT

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Orange County is governed by a seven-member board of commissioners, elected by district and at-large in partisan countywide elections held in November of even-numbered years. Commissioners serve four-year terms. New board members take office at the first meeting in December following the November election. At this meeting, commissioners take the oath of office and elect a chair and vice chair for the coming year.

The primary duties of the board include adopting an annual budget, establishing the annual property tax rate, appointing various officials and representatives to advisory boards and commissions, planning for county needs and enacting local ordinances. The board also has the authority to call bond referenda, enter into contracts and establish new programs and departments.



### BOARD OF COUNTY COMMISSIONERS OF ORANGE COUNTY

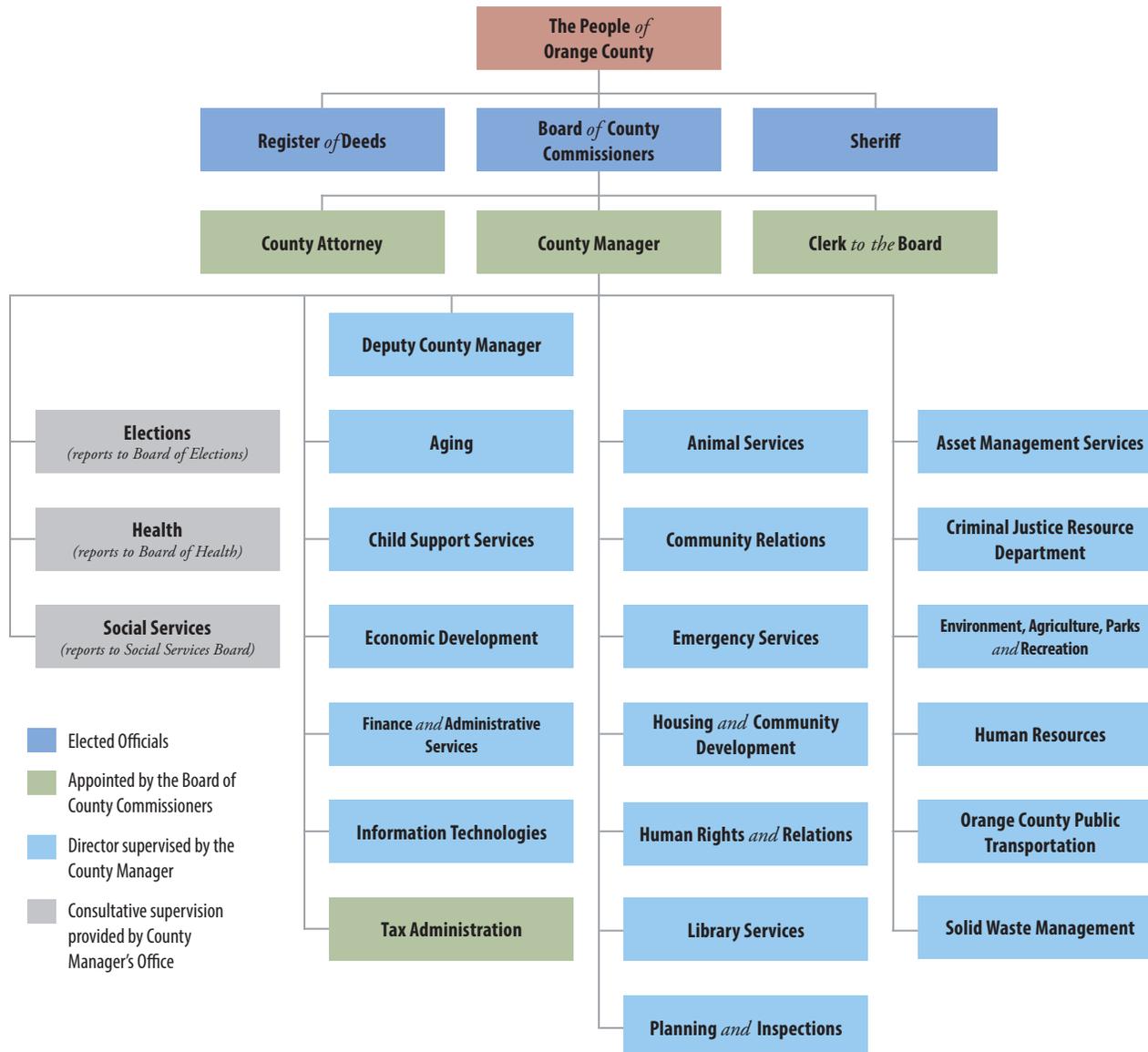
*Back row: Mark Marcoplos, Sally Greene, Vice Chair Renee Price, Earl McKee.*

*Front row: Jamezetta Bedford, Mark Dorosin, Chair Penny Rich.*

You may call the  
Clerk to the Board at  
**919.245.2130.**

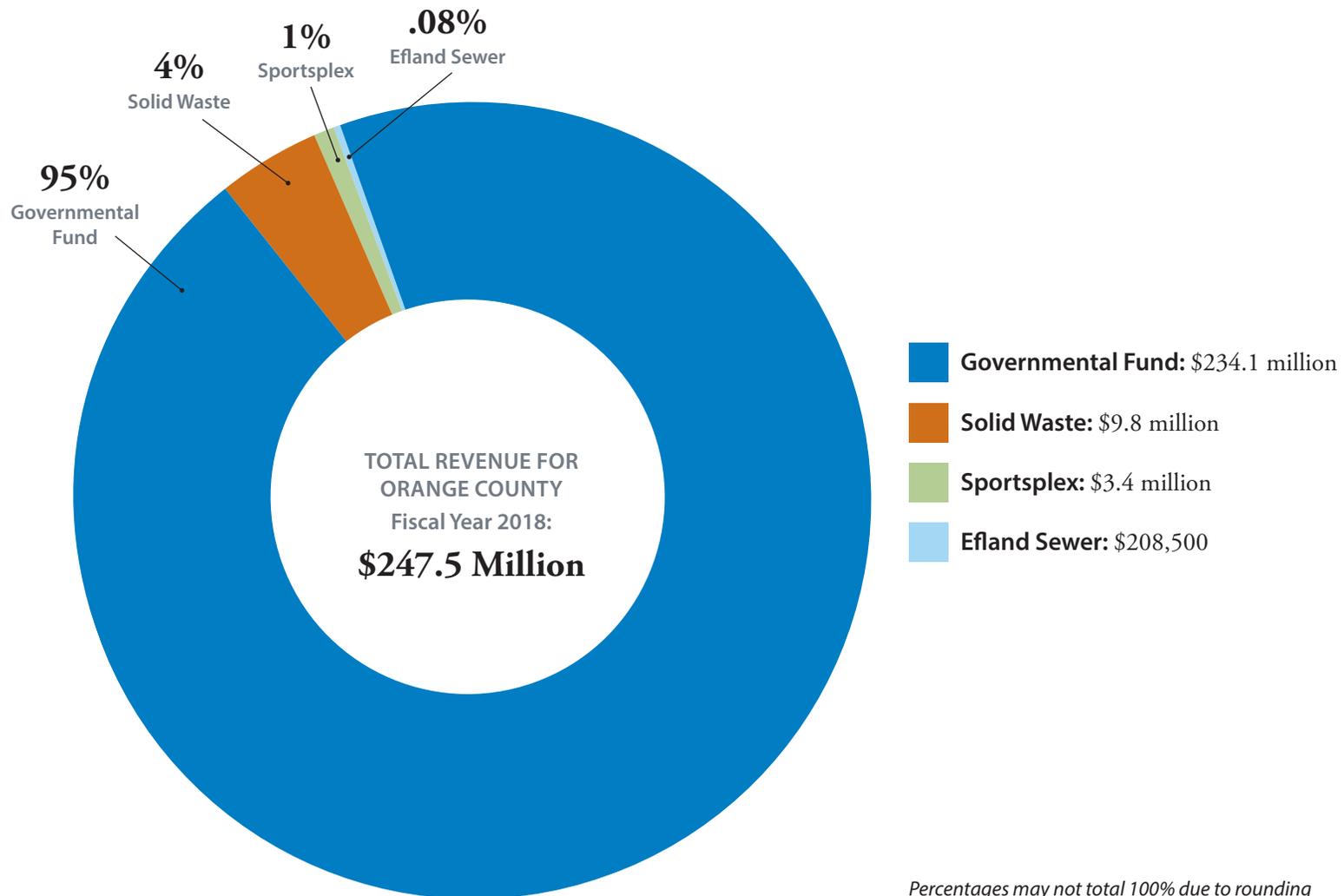
The Clerk's office is located at  
200 S. Cameron Street in  
Hillsborough, NC.

# ORGANIZATIONAL STRUCTURE



# REVENUES

## PERCENTAGE OF COUNTY'S TOTAL REVENUE



# NET POSITION

## STATEMENT OF NET POSITION AS OF JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>TOTAL ASSETS</b>	246,528,851	35,704,124	282,232,975
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	13,665,653	527,092	14,192,745
<b>TOTAL LIABILITIES*</b>	(324,580,796)	(19,597,522)	(344,178,318)
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	(9,338,726)	(106,649)	(9,445,375)
<b>TOTAL NET POSITION</b>	<b>(73,725,018)</b>	<b>16,527,045</b>	<b>(57,197,973)</b>

\* Under North Carolina Law, the County is responsible for providing capital funding for the school systems. School debt is included as part of total County liabilities, but school capital assets are recorded on school systems' balance sheets.



# GENERAL FUND

The general fund is the chief operating fund of the County. This fund (governmental fund) includes the general revenues and functional leadership expenditures that support county operations.

Unlike the government-wide financial statement presented previously, the general fund is presented using a current resources focus (amounts to be collected or paid in the near term).

**2018**  
**\$4.5 MILLION**  
**GENERAL FUND REVENUE INCREASE**

REVENUES
Property taxes
Sales tax
Intergovernmental revenues
Charges for service
Investment earnings
Licenses & permits
Miscellaneous

EXPENDITURES
Community services
General government
Public safety
Human services
Education
Support services
Debt service: Principal
Debt service: Interest

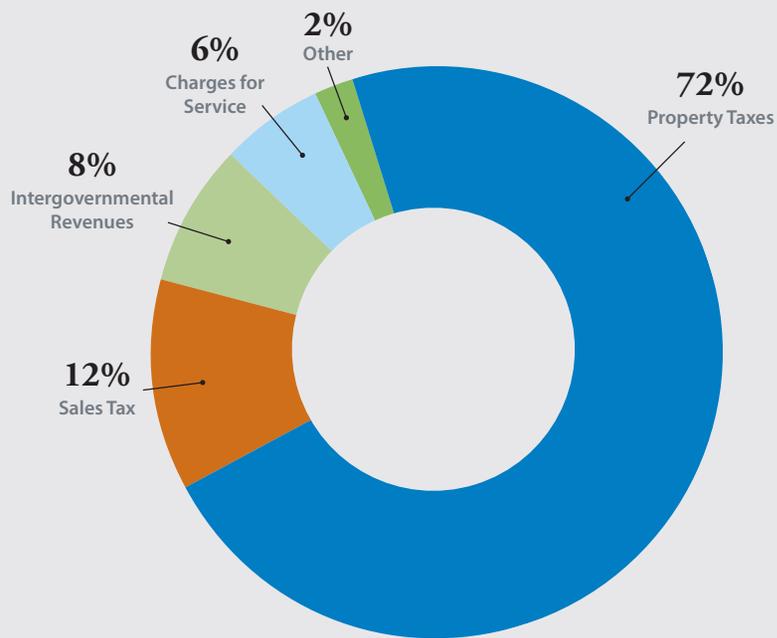


# GENERAL FUND

	2013	2014	2015		2016	2017	2018
<b>REVENUES</b>							
<b>Property taxes</b>	137,809,331	143,134,890	145,833,869	<b>Property taxes</b>	148,167,340	150,063,192	154,116,874
<b>Sales tax</b>	18,503,027	19,896,974	21,685,840	<b>Sales tax</b>	22,992,165	24,409,044	25,678,026
<b>Intergovernmental revenues</b>	19,329,447	20,150,227	20,594,979	<b>Intergovernmental revenues</b>	20,502,657	19,807,744	17,328,187
<b>Charges for service</b>	9,688,138	10,390,281	11,944,185	<b>Charges for service</b>	10,221,627	11,423,942	12,322,736
<b>Investment earnings</b>	30,926	10,429	15,051	<b>Investment earnings</b>	151,392	437,172	800,469
<b>Licenses &amp; permits</b>	322,477	324,537	331,510	<b>License &amp; permits</b>	313,275	314,454	303,986
<b>Miscellaneous</b>	819,043	642,251	985,124	<b>Miscellaneous</b>	1,802,553	1,965,108	2,432,400
<b>Total revenues</b>	<b>186,502,389</b>	<b>194,549,589</b>	<b>201,390,558</b>		<b>204,151,009</b>	<b>208,420,656</b>	<b>212,982,678</b>
<b>EXPENDITURES</b>							
<b>Governing &amp; management</b>	12,280,547	13,027,305	13,050,437	<b>Community services</b>	10,260,958	11,372,118	11,967,488
<b>General services</b>	5,886,907	6,489,317	7,589,861	<b>General government</b>	9,369,732	8,062,146	9,515,280
<b>Community &amp; environment</b>	5,566,390	6,028,358	6,391,893	<b>Public safety</b>	22,306,159	23,100,639	24,065,971
<b>Human services</b>	34,427,142	35,732,832	37,008,858	<b>Human services</b>	39,597,192	38,472,323	36,449,383
<b>Education</b>	66,947,350	69,657,252	76,847,414	<b>Education</b>	78,837,341	84,295,676	89,975,647
<b>Public safety</b>	18,975,575	20,369,551	20,945,780	<b>Support services</b>	11,661,104	13,929,639	12,974,342
<b>Cultural &amp; recreational</b>	2,167,876	2,395,681	2,647,079	<b>Debt service:</b>			
<b>Debt service: Principal</b>	16,267,209	18,803,953	19,344,248	<b>Principal</b>	19,519,042	19,307,488	20,730,642
<b>Interest</b>	7,811,057	6,680,919	8,052,975	<b>Interest</b>	6,594,944	6,530,451	6,733,833
<b>Total expenditures</b>	<b>170,330,053</b>	<b>179,185,168</b>	<b>192,078,545</b>		<b>198,146,472</b>	<b>205,070,480</b>	<b>212,412,586</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>16,172,336</b>	<b>15,364,421</b>	<b>9,312,013</b>		<b>6,004,537</b>	<b>3,350,176</b>	<b>570,092</b>

# GENERAL FUND

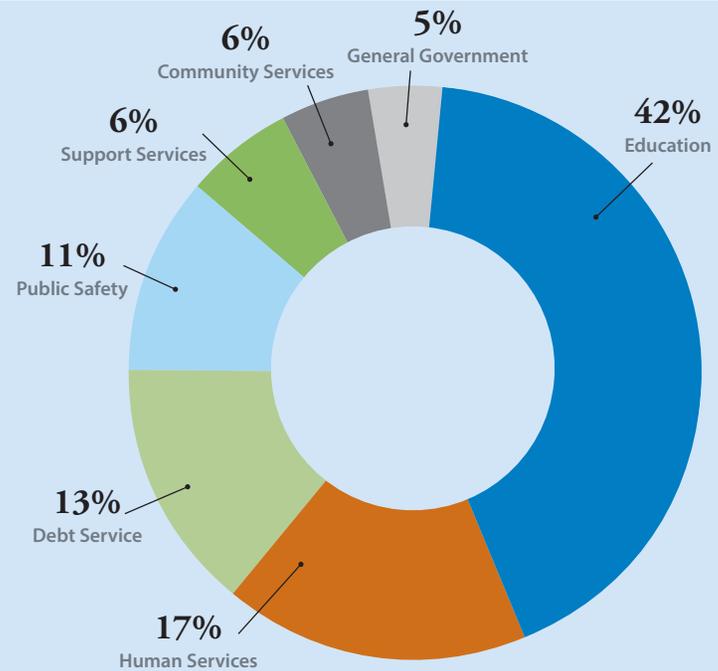
## WHERE THE MONEY COMES FROM



Taxes comprise the vast majority of general fund revenues at 84%. Property taxes are the largest funding source at about 72% of total revenues. Intergovernmental revenues, comprised of grants and pass-through funds, are 8% of total revenues.

Sales tax represents approximately 12% of total revenues, while charges for services comprises approximately 6%. *Other* includes investment earnings, licenses and permits, and miscellaneous.

## WHERE THE MONEY GOES



Education and school debt service is approximately 50% of total general fund expenditures. Human Services is approximately 17% of total expenditures, and public safety comprises 11% of total general fund expenditures.

Community services, general government, and support services comprise 17% of total expenditures. Debt service expenditures comprise 13% of total general fund expenditures.

# DEBT

Orange County maintains the highest credit quality with the following General Obligation Bond ratings:		
Moody's Investor Services: AAA	Standard & Poor's: AAA	Fitch IBCA: AAA

LONG-TERM DEBT	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	57,812,845	31,460,171	(10,843,698)	78,429,318	9,845,000
Installment notes payable	117,955,775	38,530,729	(39,112,899)	117,373,605	11,939,179
Revolving loan payable	2,388,317	0	(145,640)	2,242,677	145,640
Bond premium	7,382,845	2,060,171	(2,198,698)	7,244,318	0
Net pension liability – LGERS	15,718,303	4,950,051	(9,735,959)	10,932,395	0
Law enforcement officers' SSA pension obligation	3,542,524	626,938	(152,735)	4,016,727	0
Compensated absences	3,265,421	2,275,490	(1,812,422)	3,728,489	2,237,093
Claims payable	601,224	224,088	(170,597)	654,715	654,715
<b>Total OPEB liability</b>	<b>96,503,866</b>	<b>7,707,121</b>	<b>(8,286,879)</b>	<b>95,924,108</b>	<b>0</b>
<b>Long-term liabilities</b>	<b>297,788,275</b>	<b>85,774,588</b>	<b>(70,260,829)</b>	<b>313,302,034</b>	<b>24,821,627</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Installment notes	12,185,551	2,232,314	(2,924,834)	11,493,031	1,038,832
Post-closure liability	5,881,728	32,553	(195,167)	5,719,114	211,883
Net pension liability – LGERS	934,386	294,259	(578,761)	649,884	0
Compensated absences	213,756	152,690	(124,620)	241,826	145,095
<b>Long-term liabilities</b>	<b>19,215,421</b>	<b>2,711,816</b>	<b>(3,823,382)</b>	<b>18,103,855</b>	<b>1,395,810</b>

# ASSETS

CAPITAL ASSETS	GOVERNMENT ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
<b>Land</b>	14,948,778	14,501,148	1,619,059	1,619,059	16,567,837	16,120,207
<b>Land Improvements</b>	4,949,636	4,949,636	597,878	615,889	5,547,514	5,565,525
<b>Water Resources—Lake Orange</b>	481,624	481,624	-	-	481,624	481,624
<b>Buildings</b>	52,003,855	54,941,117	8,814,391	9,282,705	60,818,246	64,223,822
<b>Leasehold improvements</b>	1,961,698	2,132,281	-	-	1,961,698	2,132,281
<b>Sewer Lines</b>	-	-	2,018,451	2,105,584	2,018,451	2,105,584
<b>Automotive Equipment</b>	1,410,086	2,227,128	1,404,470	1,854,557	2,814,556	4,081,685
<b>Office and Other Equipment</b>	3,643,878	2,314,530	-	-	3,643,878	2,314,530
<b>Construction in Progress</b>	22,444,421	21,138,356	4,939,464	885,884	27,383,885	22,024,240
<b>TOTAL</b>	<b>101,843,976</b>	<b>102,685,820</b>	<b>19,393,713</b>	<b>16,363,678</b>	<b>121,237,689</b>	<b>119,049,498</b>



Orange County Soccer Center



Eubanks Road Waste & Recycling Center

# COUNTY PRIORITIES

## COMMUNITY SERVICES

- The Animal Services Department is responsible for Animal Control and Sheltering activities within Orange County.
- The Department of Environment, Agriculture, Parks and Recreation works to conserve and manage the natural and cultural resources of the County.
- Orange County Economic Development works in all aspects of business development, from site selection and financing to customized market research.



## EDUCATION

- Public education in the County is provided by Chapel Hill-Carrboro City Schools and the Orange County School District.
- UNC-Chapel Hill and Durham Technical Community College help the County have much higher averages than North Carolina and U.S. in higher education completion.
- Orange County has a Bachelor's Degree attainment average of 26%, compared to the N.C. average of 18.8% and U.S. average of 18.81%. Orange County also has a Graduate Degree or higher attainment average of 30.9%, which is far and above the N.C. and U.S. averages of 9.5% and 11% respectively.

## GENERAL GOVERNMENT

- The Board of County Commissioners meetings are open to the public.
- The County Manager's Office oversees all departments of Orange County to assure quality levels of service.

## HUMAN SERVICES

- The Department on Aging offers older adults and caregivers programs and resources to meet all of their needs.
- Orange County's Child Support Services department strives to obtain child support for children to strengthen a family's potential for economic independence and self-sufficiency.
- The Department of Social Services is the access point for most state and federal human services programs, providing service to residents in need of assistance.



## PUBLIC SAFETY

- The Sheriff's Crime Intervention Unit aids and assists victims of crime in the County.
- Orange County's Detention Facility is a minimum security jail facility with a maximum capacity of 170 inmates.
- The Emergency Services Department provides help and support to the residents and visitors of Orange County during emergencies.

### *Orange County Mission Statement:*

- Serve the residents of Orange County.
- Our residents come first.
- Depend on employees and volunteers.
- Treat all our residents and all employees with fairness, respect, and understanding.

## COUNTY ACCOMPLISHMENTS

### GOVERNMENT EFFICIENCY

- The County exercises fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year.
- The County maintains a property tax collection percentage of approximately 99%, higher than the statewide average of 97%.
- Sales tax revenue, which is the second largest revenue source, increased by approximately \$1.2 million from last year to \$25.6 million.
- The County continues to lead the state in per pupil funding for education at \$3,991 per pupil.
- County debt service remains below 15% of general fund revenues.
- The unassigned fund balance is 16.2% of expenditures and provides a financial cushion to mitigate unforeseen changes in revenues.
- Strong financial management results in 'AAA' bond rating from all three major rating agencies.



# GLOSSARY OF TERMS

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The following terms are used in this report and are defined below:

***Assets***

What the County owns.

***Bond referenda***

A process whereby the voters of a governmental unit are given the opportunity to approve or disapprove a proposed new issue of municipal securities. An election is most commonly required in connection with general obligation or full faith and credit bonds.

***Business-type activities***

Activities financed through fees charged to external parties.

***CIP***

Construction-In-Progress.

***Component units***

Legally separate organizations for which the County is financially accountable.

***Deferred inflow of resources***

An acquisition of net position by the government that is applicable to a future reporting period.

***Deferred outflow of resources***

A consumption of net position by the government that is applicable to a future reporting period.

***Sportsplex***

Orange County's family-oriented fitness center.

***Solid waste***

Orange County department responsible for operating the landfill, the solid waste convenience centers, and recycling programs.

***GASB***

Governmental Accounting Standard Board.

***General Revenues***

General Revenues includes property and sales taxes. This is the primary form of funding for governmental funds.

***Governmental activities***

Activities generally financed through taxes and intergovernmental revenues. Includes primary governmental functions like public safety, public works, parks and recreation and general government.

***Liabilities***

What the County owes.

***Local ordinances***

Law usually found in a code of laws for a political division smaller than a state or nation.

***Net position***

Difference between assets and liabilities.

***Program Revenues***

Program Revenues are the County's main source of funding (inflow of assets) and include charges for services, operating grants and capital grants (state or federal).

***SWMA***

Solid Waste Management Authority.





**ORANGE COUNTY**  
NORTH CAROLINA