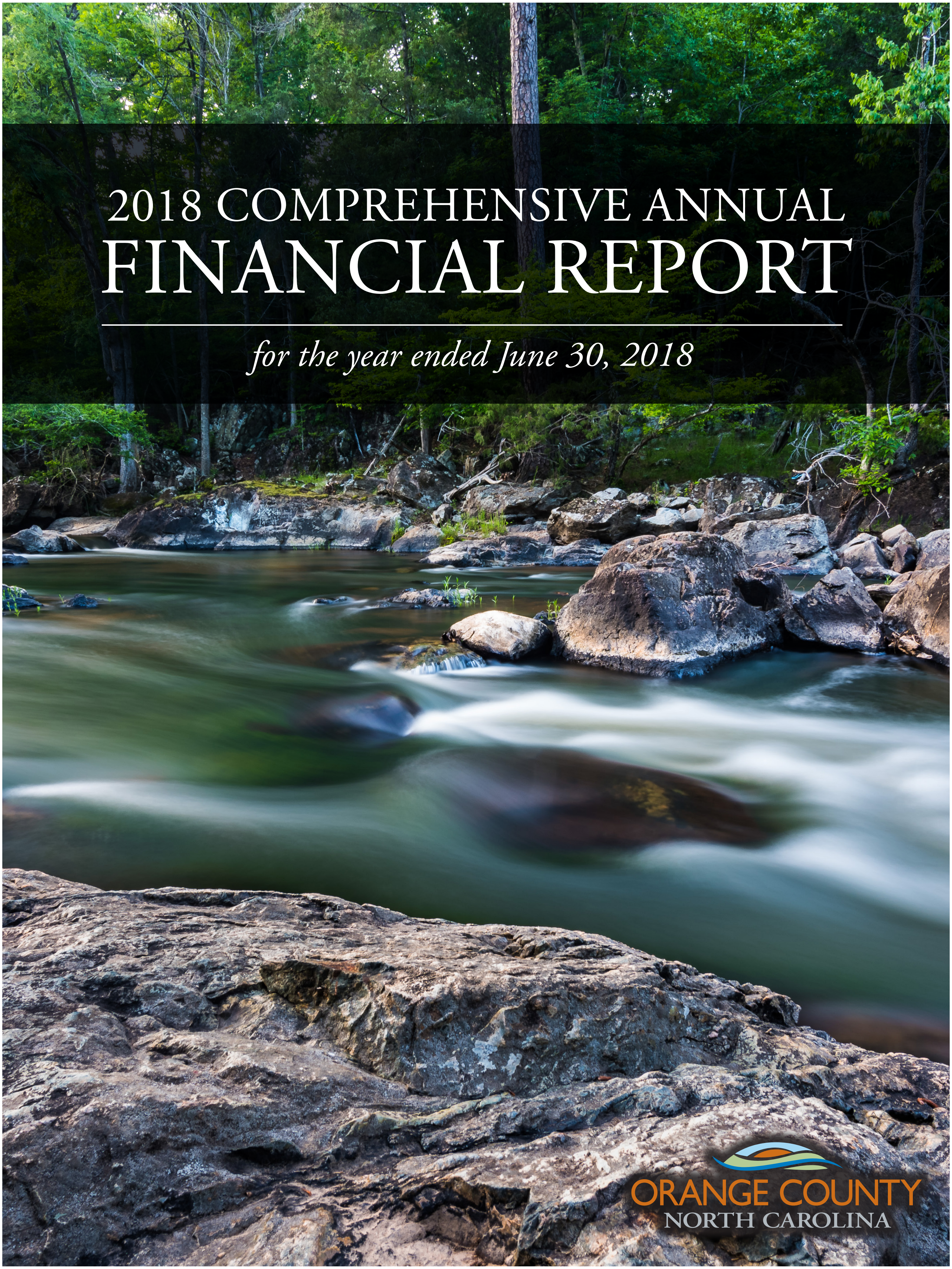
2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended June 30, 2018



ORANGE COUNTY
NORTH CAROLINA

ORANGE COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

Prepared by:
Department of Finance & Administrative Services

Submitted by:
Gary Donaldson, CTP
Chief Financial Officer

ORANGE COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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ORANGE COUNTY, NORTH CAROLINA

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INTRODUCTORY SECTION

ORANGE COUNTY
Department of Finance and Administrative Services
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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, 2018.

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, CPA, 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, 2018, 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 requirements of federal grantor agencies. Information regarding this audit can be obtained from the County's finance department.

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.* 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 County’s economy is characterized by a high degree of institutional and public-sector activity, plus office, commercial and service-oriented business. The County is also the place of residence for many technical, professional and executive people who work in the Research Triangle Park and neighboring cities of Durham, Raleigh, and Burlington. The Research Triangle refers to an area located among three municipalities: Chapel Hill, Durham and Raleigh. In addition to The University of North Carolina at Chapel Hill, universities located in these municipalities include Duke University and North Carolina Central University in the City of Durham and North Carolina State University in the City of Raleigh. The proximity of these universities makes the Research Triangle area well-suited to many types of research activities. The Research Triangle Park (the “Park”), located 10 miles east of the County, contains 7,000 acres of land which has been reserved for research and research-oriented manufacturing. Since its inception in the 1950’s, approximately 250 private and governmental organizations have located facilities in the Park and currently employ approximately 50,000 people. Approximately 87% of the employees in the Park work for multinational corporations. The largest employers in the Park include: IBM Corporation, GlaxoSmithKline, Cisco, Nortel, RTI International, Fidelity Investments, US Environmental Protection Agency, National Institute of Environmental Health Sciences, Biogen IDEC and NetApp. Because of its close proximity to the County and the fact that many of the Park’s employees reside in the County, the impact of the Park on the County’s economy is significant. 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 most common occupations, according to the Orange County Economic Development Commission, are management, professional and related occupations (54%), sales and office occupations (19.5%) and service occupations (16.4%). Manufacturing and agriculture are lesser portions of the County's economy.

The University of North Carolina at Chapel Hill and UNC Health Care System are the largest employers in the County. The University of North Carolina at Chapel Hill and UNC Health Care System and their associated service, teaching and research programs have a reputation for excellence in the educational and medical fields. The UNC Health Care System expanded its medical campus to the town of Hillsborough in 2015 and this complex includes 50 acute care beds, an 18-bed intensive care unit, six operating rooms, two procedure rooms, an emergency department and outpatient medical and surgical specialty services, including urgent care, imaging and oncology. An industrial strip adjacent to Interstate 85 in the western portion of the County is the location of several manufacturing firms. The County has designated over 2,450 acres in three strategically placed areas along Interstate 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.

The County is seeking to spur economic development by providing funds through the Article 46 Sales Tax to finance the development of utility extensions for commercial entities in its Economic Development Districts. The County uses the Article 46 Tax to provide a portion of the upfront water and sewer infrastructure costs for businesses locating in these districts.

Fiscal Outlook. The adopted General Fund Budget for FY 2018-19 totals $226.8 million which represents $7.2 million or a 3.3% increase over the FY 2017-18 adopted budget. The County Budget includes a 1.27 cent increase in the property tax rate to fund a $3.2 million increase in debt service. The County tax rate was recommended to increase from $0.8377 per $100 of assessed valuation to $0.8504 per $100 of assessed valuation. The County tax base has increased by 1.4% to $17.3 billion. This tax base increase coupled with the tax rate increase results in approximately 3.1% growth over the FY 2017-18 property tax revenue projection or an additional $4.4 million in additional property tax revenues. The County budget maintains a goal of allocating 48.1% of General Fund revenues to Education spending. The budget increases per pupil expenditures by $174 to $4,165 per pupil, which has consistently been among the highest per pupil appropriation amounts in the State. The FY 2018-19 appropriation represents 50.1% of total General Fund revenues. The budget appropriates $3 million of fund balance to establish a new schools deferred maintenance program. The fiscal year 2018-19 budget fully funds all positions of the County and provides a 2% across the board wage increase for all County employees effective July 1, 2018. Property tax revenues comprise $156.6 million or 72% of General Fund revenues. Sales tax revenues comprise $24.1 million or 11% of General Fund revenues. The remaining 17% of General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues. The revenue budget recognizes the loss of impact fee revenue that had been used to support debt service associated with new school capacity. The impact fee fund contained a residual balance of $1.6 million that is appropriated in the FY2018-19 Budget. The budget controls expenditure growth, focusing on funding the continuation needs of County departments and education, and reduces the reliance on fund balance for ongoing budget stabilization. The fund balance appropriation for FY 2018-19 is $8.8 million compared to $9.7 million in FY 2017-18, and $12.7 million in FY 2016-17. This budget goal is consistent with the County's Long Range Financial Plan objectives and the FY 2018-19 budget achieves the County's 16% Unassigned Fund balance policy.

Article 46 ¼ cents sales tax was approved by the voters in a November 2011 referendum and became effective April 1, 2012. Fifty percent of the ¼ cent sales tax is allocated to both County school systems on an average daily membership percent basis to fund school capital projects. The other fifty percent is allocated to economic development initiatives including supporting water and sewer infrastructure funding in the

County's three economic development districts. The Article 46 sales tax revenue is budgeted at $3.6 million for fiscal year 2018-19.

The County has an extensive ten-year Capital Investment Plan to provide public safety upgrades, school facilities, government facilities, affordable housing, parks and recreation, information technology, water and sewer in the Economic Development Districts, and various equipment purchases. Pursuant to a November 2016 bond referendum, the County will issue General Obligation bonds to fund its two school systems; the Chapel Hill-Carrboro City Schools and Orange County Schools improvements and affordable housing land banking projects. The bond referendum authorized $120 million in School bonds and $5 million in Affordable housing bonds. The County expects to complete its voter approved General Obligation debt issuances by fiscal year 2022.

Fiscal Policy. The County continues to demonstrate strong financial management as a result of its compliance with its Board adopted financial policies. These policies have enabled the County to remain financially strong through prior recessions and any downturns in the economic climate or in intergovernmental funding. Financial modeling is used to determine the fiscal impact from both short and long-term economic trends. The Board and County Manager regularly take action to contain expenditures within the authorized appropriation levels.

The County adheres to a 15% Debt Policy as measured by debt service as a percentage of the budget below the 15% of General Fund expenditures limit, which is the goal the County strives to maintain. The County 16% Fund Balance Policy as measured by the General Fund unassigned fund balance at 16.2% of General Fund expenditures as of June 30, 2018 in conformance with the Board adopted policy. 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, 2017. This marks the eighteenth 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 2018 annual budget document. This is the 27th 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 2018 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, Pascal Moore, Accountant, and Chaz Offenburg, Budget Management Analyst, for their tireless effort and commitment that they have exhibited throughout the report preparation process and to Mauldin & Jenkins, LLC and their associates, for their assistance.

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

Respectfully submitted,

Gary Donaldson, CTP
Chief Financial Officer

The County Economy

General Description

The County is located in the North-Central Piedmont section of North Carolina between the Research Triangle Park and the Piedmont Triad. The County is midway between Washington, D.C. and Atlanta, Georgia. Orange County is approximately 401 square miles in area, of which approximately 177 square miles are unincorporated, 39 square miles are farmland, 132 square miles are forested, and 53 square miles are urbanized.
Source: Orange County Economic Development

Orange County is comprised of four municipalities: Hillsborough, Chapel Hill, Carrboro, and a portion of Mebane. The University of North Carolina at Chapel Hill, the oldest State-supported University in the United States, is located in the County. The County is a diverse community mixed with historic sites, scenic rural areas, excellent healthcare and higher education facilities.
Source: Orange County Economic Development

Exhibit 1 indicates the historical population trend for the County. The North Carolina Budget and Management population metrics shows that the County population has increased 3.0% the past five years. **Source:** Orange County Economic Development

Exhibit 1:
Orange County Population

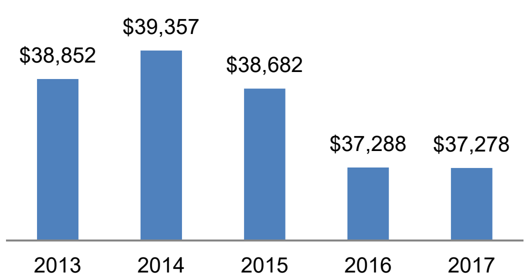
Year	Population
2013	139,694
2014	141,596
2015	141,704
2016	143,264
2017	143,873

Source: North Carolina Budget and Management

General Economic Indicators

Exhibit 2 indicates Real Gross Domestic Product (GDP) which is a prominent economic indicator for measuring performance of the economy. The Durham-Chapel Hill Metropolitan Statistical area is the best proxy for Orange County.

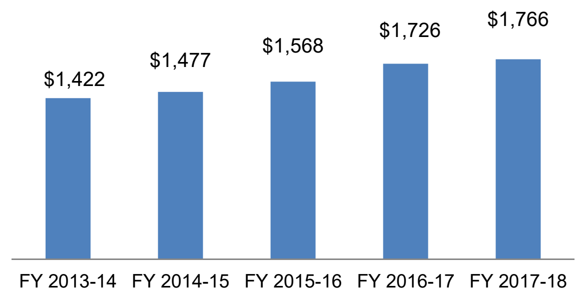
Exhibit 2:
Durham-Chapel Hill Real GDP*
in millions



Source: United States Bureau of Economic Analysis

Exhibit 3 indicates Gross Retail Sales which is a reliable indicator of consumer spending activity. Gross Retail Sales has increased 24% from Fiscal Year 2013-14 to Fiscal Year 2017-18.

Exhibit 3:
Gross Retail Sales
in millions

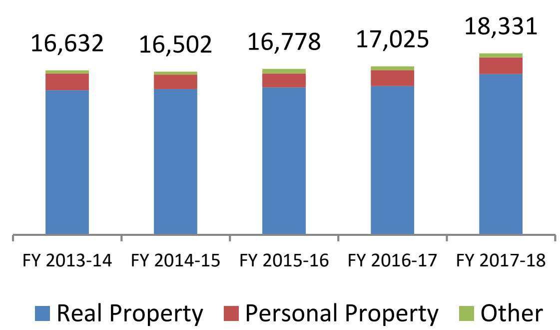


Source: North Carolina Department of Revenue

Tax Base

Exhibit 4 indicates the change in the tax base (assessed valuation) the past five fiscal years. The tax base has remained stable. The County tax base is 80% residential and 20% commercial with most of the population and commercial base concentrated in the southern region in the Towns of Chapel Hill and Carrboro.

Exhibit 4:
Assessed Valuations
in billions



Source: Tax Administration

Exhibit 5 indicates the ten principal taxpayers which account for approximately 3% of totaled assessed valuation or $556,342,368. The principal taxpayers are from the following industries: Public Utility, Apartment Rental, Office/Retail, Banking and Condominiums.
Source: Orange County Financial Services

Exhibit 5:
Principal Taxpayers

Taxpayers	Industry	Assessed Valuation
Duke Energy Carolinas LLC	Public Utility	$129,454,111
Village Plaza Apartments LLC	Apartment Rental	$61,604,500
Piedmont Electric Member Corp	Public Utility	$60,474,276
Northwestern Mutual Life Insurance Co.	Office / Retail	$57,505,550
Public Service Co of NC Inc.	Office / Retail	$50,193,948
State Employees Credit Union	Bank	$47,142,644
East 54 Office Retail LLC	Office / Retail	$40,135,700
Chapel Hill At the Pointe Villager LLC	Apartment Rental	$37,002,485
G&I VIII Midtown 501 LLC	Apartment Rental	$36,468,100
Granville Towers LLC	Condos	$36,361,054
Total	-	$556,342,368
Percentage of County Assessed Valuation	-	2.85%

Source: Tax Administration

Employment and the Economy

Demographics

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

Exhibit 6 indicates the economic and employment diversity in the County. The County's predominant occupations are in educational services, healthcare 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 6:
Industry Structure

Industry	Employment
Educational Services	20,617
Health Care and Social Assistance	17,457
Retail Trade	6,732
Accommodation and Food Services	6,419
Professional and Technical Services	3,239
Public Administration	2,668
Other Services, Ex. Public Administration	2,396
Construction	1,809
Manufacturing	1,658
Administrative and Waste Services	1,286
Finance and Insurance	1,121
Information	1,086
Wholesale Trade	941
Real Estate, Rental, and Leasing	830
Arts, Entertainment, and Recreation	827
Transportation and Warehousing	665
Management of Companies and Enterprises	458

Source: Orange County Economic Development

The County 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 technical, professional and executive professionals who work in the Research Triangle Park (the "Park") and neighboring cities of Durham, Raleigh, and Burlington.

Exhibit 7 indicates the major employers in the County. The County's major employers has remained relatively consistent in the education, health services, manufacturing, trade, transportation, and utilities sectors.

Exhibit 7:
Major Employers

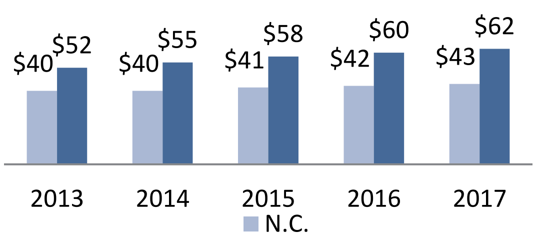
1000+ Employees	UNC Chapel Hill*
	UNC Health Care System*
	Chapel Hill-Carrboro City Schools*
	Orange County Schools*
500 to 999 Employees	Orange County*
	Town Of Chapel Hill*
	UNC Physician Network LLC*
250 to 499 Employees	Sports Endeavors, Inc.
	Wal-Mart
	Harris Teeter
	AKG of America, Inc.
	General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

*Headquartered in the County
Source: Orange County Economic Development

Personal Income

Exhibit 8 indicates the County's per capita personal income which has consistently been well above both the state and national averages.

Exhibit 8:
Per Capita Personal Income
in thousands

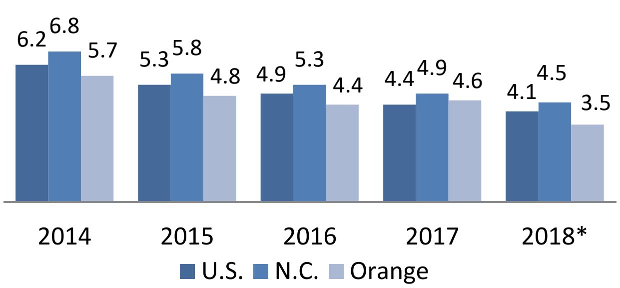


Source: Bureau of Economic Analysis

Employment

Exhibit 9 indicates the average monthly unemployment rates for each of the past five fiscal years. As noted on the chart, the County's unemployment rate has consistently been below the state and national rates.

Exhibit 9:
Unemployment Rates
Average % for Each Fiscal Year



Source: Bureau of Labor Statistics

Exhibit 10 indicates new residential construction by type, which illustrates that the construction sector recovery from the last recession has been sustained. New residential construction increased by 205% from 2014 to 2018.

Exhibit 10:
New Residential Construction by Type

Year	Apartments	Single Family	Multi Family	Total
2014	0	182	26	208
2015	123	241	39	280
2016	208	228	62	290
2017	0	324	115	439
2018	0	402	25	427

Source: Orange County Permits and Inspections Department

Exhibit 11 indicates building permit activity which illustrates performance of the construction sector within the County.

Exhibit 11:
Number and Value of Building Permits

Year	Permits	Residential	Non-Residential
2014	3878	$160,628,677	$71,129,212
2015	4075	$255,541,888	$66,669,016
2016	2135	$216,131,293	$94,405,675
2017	2383	$185,101,902	$32,874,171
2018	1819	$136,323,216	$26,319,763

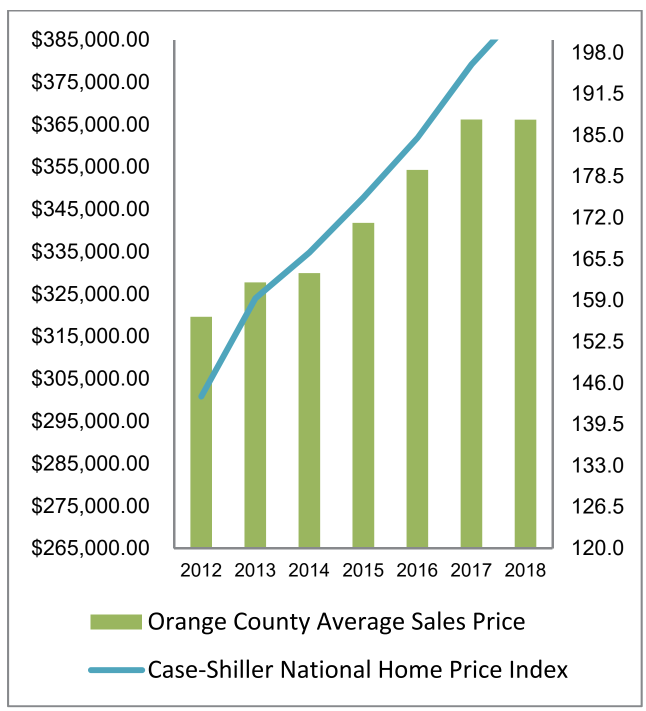
Source: Orange County Permits and Inspections Division

Housing Market

Exhibit 12 indicates the average home sale price in the County the past five years in comparison to the Case-Shiller National Home Price Index. Chapel Hill, a municipality in Orange County, is the highest priced major housing market in the Triangle Region. The Orange County housing market has remained relatively consistent with the Case-Shiller U.S. National Home Price Index. Average home sales price in Orange County has continued to increase with the average home sales price at $366,159 as of October 1, 2018.

Exhibit 12:

Average Orange County Home Sale Price
Versus Case-Shiller National Home Price Index



Source: Triangle MLS and S&P/Case Shiller U.S. National Home Price Index

Other Key Data

Education

The County funds two school districts; Chapel Hill-Carrboro City School District and Orange County School District.

Exhibit 13 indicates the total budgeted students in both school districts for the past five academic years.

Exhibit 13:
Total Budgeted Students

Year	Chapel Hill-Carrboro City Schools	Orange County Schools	Total
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
2017-18	12,160	8,072	20,232

Source: Department of Public Instruction, March Planning Figures

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.

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.

Exhibit 14 indicates County per pupil appropriation the past twelve years. The County has consistently maintained among the highest per pupil appropriations of any county in North Carolina.

Exhibit 14:
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%
2017-18	$3,991	3.2%

Source: Orange County Finance and Administrative Services

Chapel Hill-Carrboro City Schools District

The Chapel Hill-Carrboro City School District (CHCCS) comprises 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 recognized in national publications for its excellent academic performance.

Orange County Schools District

Orange County School District comprises 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

Exhibit 15 indicates graduation rates for Chapel Hill-Carrboro City Schools and Orange County in comparison to the National averages.

As illustrated graduation rates for both Chapel Hill-Carrboro School District and Orange County School District are above the state and national average.

Exhibit 15:
Graduation Rates

System	Rate
Chapel Hill-Carrboro City	90%
Orange County	89%
North Carolina	86%
United States	83%

Source: National Center for Educational Statistics and North Carolina Department of Public Instruction

Exhibit 16 indicates the most available College and University enrollment data within the County. The County offers the opportunity to attend an exceptional community college or State university.

Exhibit 16:
Student Enrollment at Higher Education Facilities

Institution	2016	2017
UNC- Chapel Hill	29,084	29,911
Durham Technical Community College*	2,401	2,403

Source: UNC Chapel Hill and Durham Technical Community College

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. UNC has earned a reputation as one of the best public university investments and is 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 is situated on 20 acres within the County. Durham Technical Community The college curriculum includes a Nursing Assistant program, Adult Education programs, and English as a Second Language courses. The County funds a scholarship program for Orange County high school students who enroll in Durham Technical Community College immediately following High School graduation. This scholarship program is funded from Article 46 sales tax proceeds.

Exhibit 17 indicates educational attainment within the County. The County is ranked as 7th in the United States with the greatest percentage of residents with graduate degrees and 14th in the greatest percentage of people with bachelor's degrees. The presence of the University of North Carolina at Chapel Hill is a primary factor for the County's highly educated labor force.

Source: United States Census Data on Educational Attainment by County

Exhibit 17:
Educational Attainment
Population 25 years and over in 2016

Highest Education Level	Orange	N.C.	U.S.
Did Not Graduate High School	7.7%	13.7%	13.0%
High School Graduate	15.0%	26.4%	27.5%
Some College, No Degree	13.7%	21.8%	21.0%
Associate's Degree	5.9%	9.1%	8.2%
Bachelor's Degree	26.1%	18.8%	18.8%
Graduate Degree or Higher	31.6%	10.2%	11.5%

Source: United States Census

Medical
Orange County residents have access to top quality medical services. According to the Robert Wood Johnson Foundation, Orange County is highly rated in North Carolina for 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 was established in September 1952 under the name North Carolina Memorial Hospital.

Exhibit 18 indicates the medical facilities located in the County and their respective licensed bed capacities as per the most available data.

Exhibit 18:
Hospitals in Orange County

Hospital	Licensed Beds
UNC Medical Center	900
UNC Hillsborough Campus	86

Source: UNC Health Care

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 corridors. 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 of the four municipalities

within the County bears the primary responsibility for public streets within its limits. The County has no financial obligation regarding road construction or maintenance.

Orange County Public Transportation provides transit and commuting options for Orange County residents. Public transit services are offered for the general public, seniors, persons with disabilities, and providing non-emergency medical transportation for Medicaid recipients. The Hillsborough Circulator Route connects major destinations throughout Hillsborough and is free to all passengers. The Orange-Chapel Hill Connector Route connects major destinations in Hillsborough, Chapel Hill and Cedar Grove in Northern Orange County. Two additional routes expanding to the Efland-Hillsborough Commuter Loop and the Orange-Alamance Midday Connector are planned.

The Towns of Chapel Hill and Carrboro provide their residents with buses primarily serving students at the University of North Carolina at Chapel Hill. The County is a member of the Research Triangle Regional Public Transportation Authority which is referred to as Go Triangle. Go Triangle is a regional public transportation offering public transit and vanpool services in the Triangle Region and adjacent counties.
Source: Orange County Public Transportation

Orange County is approximately 20 miles east of the Raleigh Durham International Airport (RDU Airport). RDU Airport has passenger service to 38 destinations with an average of 352 daily arrivals and departures. RDU airport is served by 8 major airlines including American Airlines, Delta Air Lines, JetBlue Airways, United Airlines, and Frontier Airlines.
Source: Raleigh-Durham International Airport

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 Economic Development

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 County. UNC's Memorial Hall, Cat's Cradle, the Arts Center, DSI Comedy Theater, and the Forest Theater showcase the artistic, theatrical, and musical expressions of renowned artists. The North Carolina Botanical Gardens, Montrose Gardens, Woodcrest Farms, Occoneechee Mountain State Natural Area, and Eno State River Park showcase the natural beauty 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. Per the Orange County Capital Investment Plan, the Sportsplex hosts over 700,000 visitors each year.

The Orange County recreation center offers many courses for youths and adults alike. 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.

Four Municipalities

Orange County consists of four incorporated municipalities: 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 at Chapel Hill, 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 college town, quaint Southern charm and fine dining, shopping and entertainment.

The Town of Carrboro was founded nearly a century and a half ago. 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 town boasts over one hundred late 18th and 19th century structures and is listed on the National Register of Historic Places. 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 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, just three hours to the east.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orange County

North Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2017

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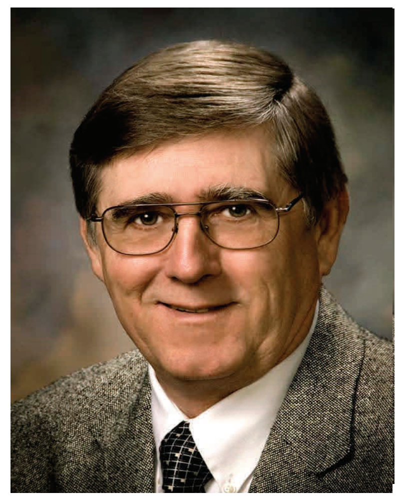
Executive Director/CEO

Board of County Commissioners

Mark Dorosin, Chair

Penny Rich, Vice-Chair

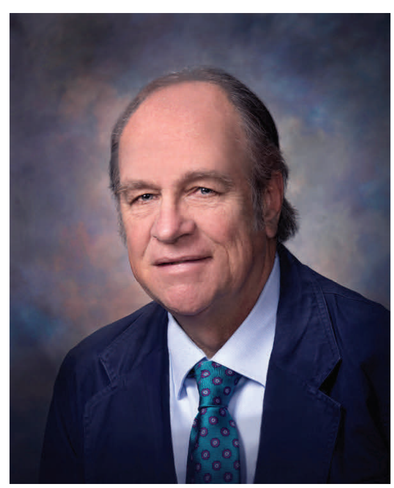
Mia Burroughs



Earl McKee

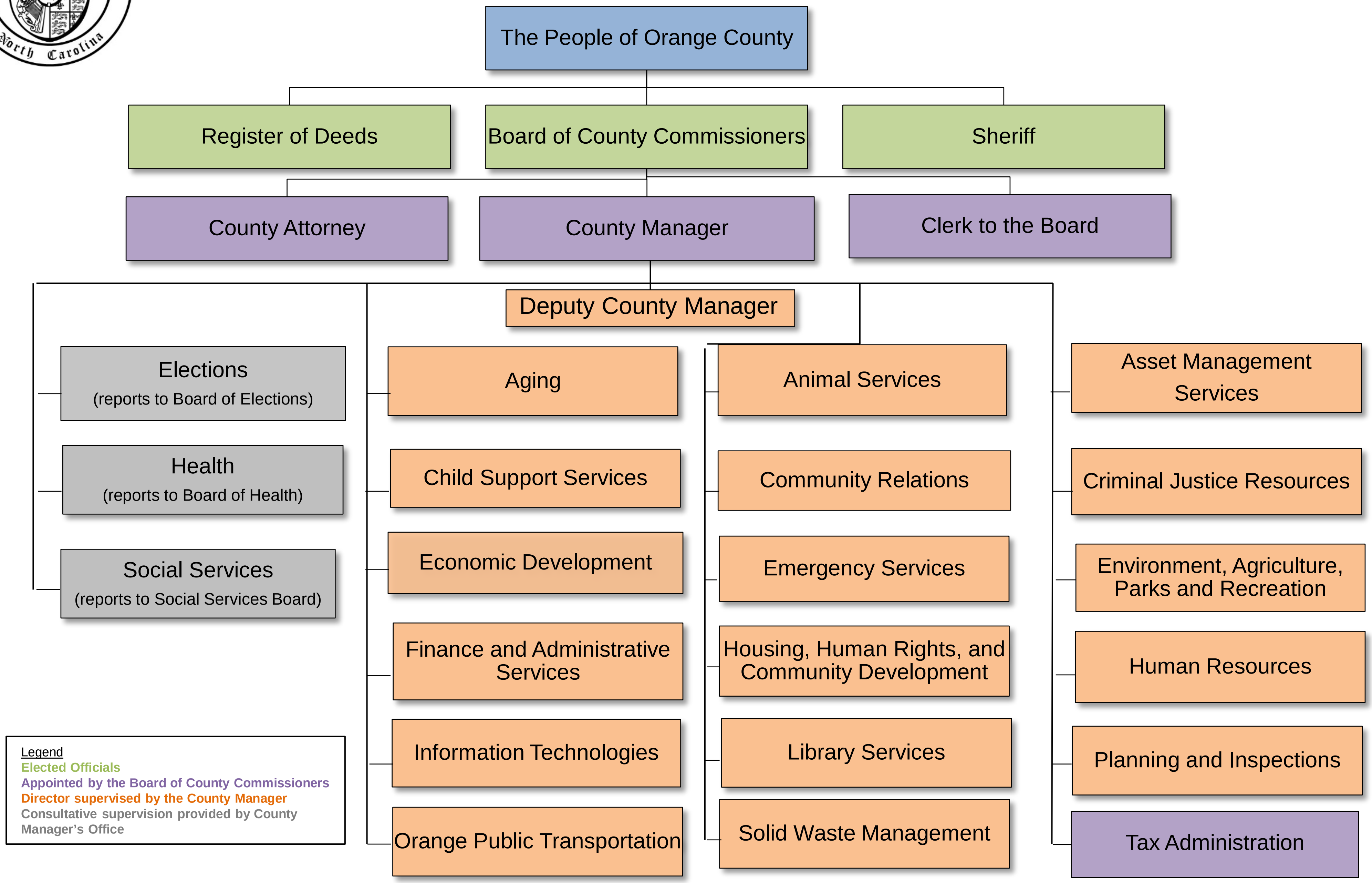
Barry Jacobs

Renee Price



Mark Marcoplos

Orange County Government



FY 2017-18 Commissioner Approved

FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Notes 10 and 14, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* as of July 1, 2017. This standard significantly changed the accounting for the County's net other postemployment benefits (OPEB) liability and related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the County's Net OPEB Liability and Related Ratios – OPEB Plan, the Schedule of County Contributions – OPEB Plan, the Schedule of OPEB Investment Returns – OPEB Plan, the Schedule of Changes in Total Pension Liability – LEOSSA, the Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSSA, 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, 83, 84, 85, 86, 87, 88, 89, 90, 92, and 93, 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.

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 fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules (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 November 30, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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
November 30, 2018

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, 2018. 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 $57.2 million (net position). In accordance with North Carolina law, liabilities of the County include approximately $98.9 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 $1.9 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 $126.7 million, an increase of $21.1 million in comparison with the prior year. The increases reflect additional debt issuance activity during the fiscal year. The General Fund total ending fund balance of $63.5 million includes $34.4 million of unassigned fund balance.

The unassigned General Fund ending fund balance of $34.4 million represented 16.2% of total General Fund expenditures for the fiscal year consistent with the County policy of unassigned fund balance of 16% of General Fund expenditures.

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:

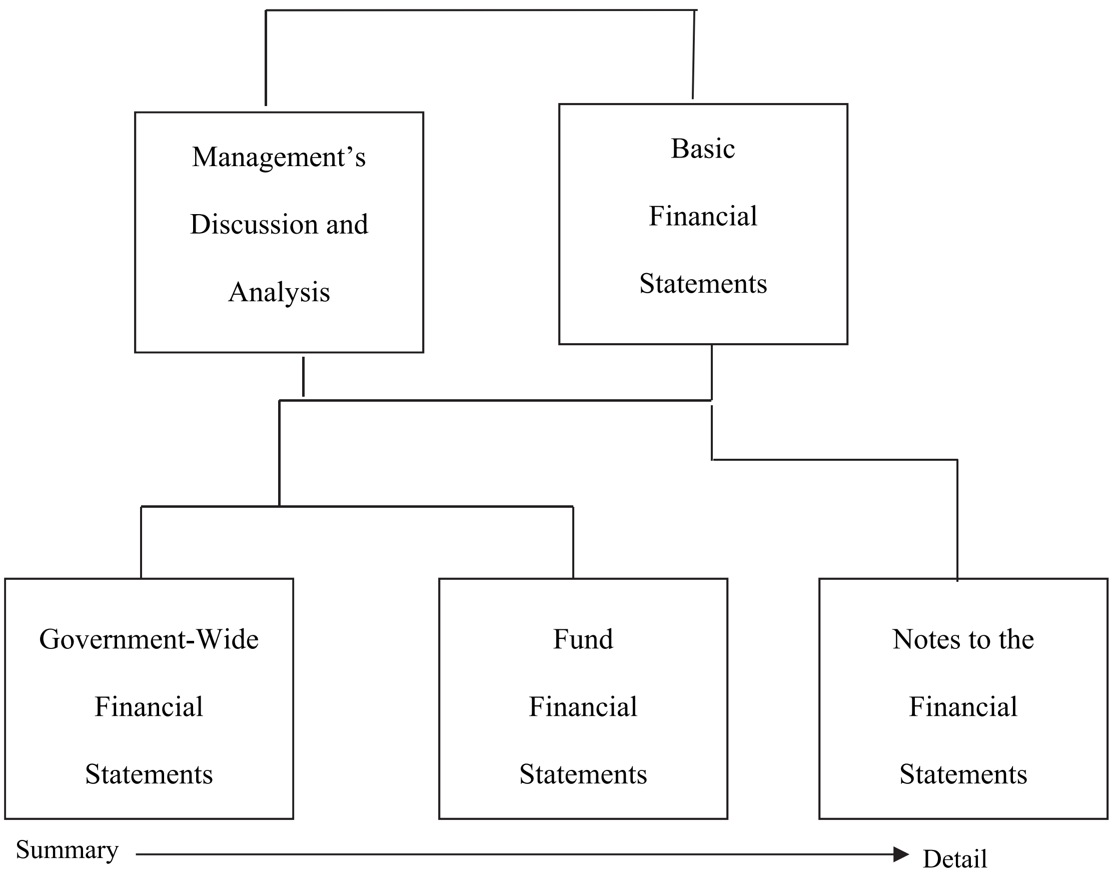
1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements and 4) the fiduciary fund statements.

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 and an OPEB Trust Fund.

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 26-82 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 83 of this report.

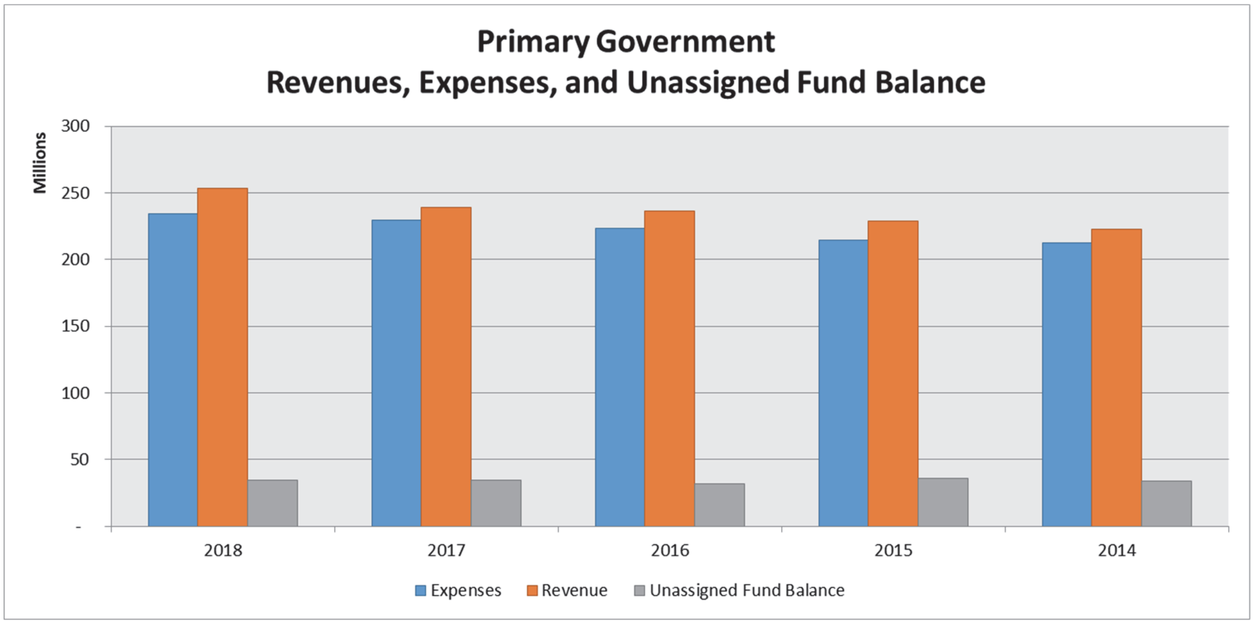
	Governmental Activities		Business-Type Activities		Total	
	2018	2017-Restated	2018	2017-Restated	2018	2017-Restated
Assets:						
Current and other assets	$ 144,684,875	$ 119,411,957	$ 16,310,411	$ 17,525,331	$ 160,995,286	$ 136,937,288
Capital assets	101,843,976	102,685,820	19,393,713	16,363,678	121,237,689	119,049,498
Total assets	246,528,851	222,097,777	35,704,124	33,889,009	282,232,975	255,986,786
Deferred Outflows	13,665,653	14,763,863	527,092	832,007	14,192,745	15,595,870
Liabilities:						
Long-term liabilities	316,390,962	300,853,464	18,103,855	19,215,421	334,494,817	320,068,885
Other liabilities	8,189,834	8,580,812	1,493,667	889,494	9,683,501	9,470,306
Total liabilities	324,580,796	309,434,276	19,597,522	20,104,915	344,178,318	329,539,191
Deferred inflows	9,338,726	1,088,906	106,649	32,742	9,445,375	1,121,648
Net Position:						
Net investment in capital assets	30,229,146	29,924,257	10,361,313	6,883,243	40,590,459	36,807,500
Restricted	51,739,610	29,691,211	-	-	51,739,610	29,691,211
Unrestricted	(155,693,774)	(133,277,010)	6,165,732	7,700,116	(149,528,042)	(125,576,894)
Total net position	$ (73,725,018)	$ (73,661,542)	$ 16,527,045	$ 14,583,359	$ (57,197,973)	$ (59,078,183)

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 $57.2 million as of June 30, 2018. Net position is reported in three categories: Net investment in capital assets of $40.8 million, restricted net position of $51.7 million, and unrestricted net deficit of $149.8 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, 2018, the net investment in capital assets increased by $4.0 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, 2018, the total net deficit reported of $57.2 million is attributable to the unrestricted net deficit balance of ($149.8) million, which results primarily from the debt financing related to school system 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 $98.9 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 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 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 $1.9 million. This increase resulted from a combination of an increase in revenues in governmental activities and an increase in expenses. The business-type activities provided a increase to net position of $1.9 million. In addition, the following positive operational initiatives and results are noted:

- The County's continued efficiency in the collection of property taxes resulted in a collection percentage of 99.1%, higher than the State-wide average of 97%.
- Sales tax revenue, which is the second largest revenue source, increased by approximately $1.2 million from the prior fiscal year to $25.6 million or 4.9%.
- The County continued to lead the State in per pupil funding for education.
- The unassigned fund balance in the County's General Fund remained strong and unchanged at $34.4 million or 16.2% consistent with the County's 16% fund balance policy. The county exercises 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 decreased revenues.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	$ 15,719,203	$ 16,424,044	$ 13,482,011	$ 11,861,307	$ 29,201,214	$ 28,285,351
Operating grants and contributions	24,212,789	26,044,125	200,448	-	24,413,237	26,044,125
Capital grants and contributions	1,620,344	1,000,233	-	-	1,620,344	1,000,233
General Revenues:						
Property Taxes	160,185,898	155,565,259	-	-	160,185,898	155,565,259
Other Taxes	31,012,534	29,522,796	-	-	31,012,534	29,522,796
Other	1,583,643	618,793	138,915	261,713	1,722,558	880,506
Total Revenues	234,334,411	229,175,250	13,821,374	12,123,020	248,155,785	241,298,270
Expenses:						
Community Services	15,223,280	14,528,306	-	-	15,223,280	14,528,306
General Government	16,685,804	17,268,682	-	-	16,685,804	17,268,682
Human Services	43,371,252	45,058,561	-	-	43,371,252	45,058,561
Education	106,689,649	97,196,824	-	-	106,689,649	97,196,824
Public Safety	32,247,386	29,634,987	-	-	32,247,386	29,634,987
Support Services	12,733,446	14,579,007	-	-	12,733,446	14,579,007
Interest on long-term debt	5,707,204	3,311,756	-	-	5,707,204	3,311,756
Landfill	-	-	9,566,421	10,197,990	9,566,421	10,197,990
Sewer	-	-	443,049	399,818	443,049	399,818
Sportsplex	-	-	3,608,084	3,354,734	3,608,084	3,354,734
Total Expenses	232,658,021	221,578,123	13,617,554	13,952,542	246,275,575	235,530,665
Increase/decrease in net position before transfers	1,676,390	7,597,127	203,820	(1,829,522)	1,880,210	5,767,605
Transfers	(1,739,866)	(1,568,349)	1,739,866	1,568,349	-	-
Increase/Decrease in net position after transfer	(63,476)	6,028,778	1,943,686	(261,173)	1,880,210	5,767,605
Net Position:						
Beginning of year - July 1	(73,661,542)	(22,343,678)	14,583,359	12,203,287	(59,078,183)	(10,140,391)
Restatement	-	(57,346,642)	-	2,641,245	-	(54,705,397)
Total net position	$ (73,725,018)	$ (73,661,542)	$ 16,527,045	$ 14,583,359	$ (57,197,973)	$ (59,078,183)

Governmental Activities.

Governmental activities decreased the County's net position by $63,476.

Key elements of this change are as follows:

- Transfers to Housing, Sportsplex and Capital Funds
- Increased Education expenditure
- Increased Public Safety expenditure

Business-Type Activities

Business-type activities increased the County's net position by $1.9 million.

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 fund balance of the General Fund was $34.4 million or 16.2% of General Fund expenditures, while total fund balance increased to $63.5 million or 29.9% of General Fund expenditures. 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 16% of total General Fund expenditures and transfers out, while the total fund balance represents 29% of General Fund expenditures and transfers out.

General Fund revenues are $213.0 million or $4.9 million higher than the final amended budget. General Fund revenues increased by $4.2 million from the prior fiscal year. General Fund revenues were $4.9 million over the final budget. Property tax revenue comprises 73% of the General Fund budget. Sales tax revenue, the second largest revenue, increased by $536 thousand compared to the final budget. Investment earnings were notably higher than budget reflecting efficient investment of cash in an improved interest rate environment. General Fund revenues and other financing sources total $247.6 million.

General Fund expenditures are $212.0 million or $6.4 million lower than the final amended budget. General Fund expenditures increased by $7.1 million from the prior fiscal year. General Fund expenditures were 2.8% under the final budget. This is attributed to management's commitment to effectively managing the operating budget and strong collaboration and cooperation with departments to monitor their budgets through regular Finance reviews and a focus on minimizing discretionary expenditures. General Fund expenditures and other financing uses total $246.8 million.

The County Capital Improvement Fund reflects no significant change in the fund balance. The County Capital fund financed a majority of the current capital outlay expenditures of $12.4 million during the fiscal year.

The School Capital Improvement Fund reflects a increase in fund balance of $22.4 million. The school capital project fund increase is the result of financing proceeds for both County's two school districts while the project construction will occur over the coming year.

As of June 30, 2018, the non-major governmental funds of the County reported a combined fund balance of $12.7 million, a decrease of $2.2 million from the prior year. The non-major governmental funds consists of Article 46 ¼ cents sales taxes, fire district property taxes, visitors bureau occupancy taxes, housing grant revenue and impact fee revenue.

General Fund Budgetary Highlights

The approved General Fund budget for fiscal year ending June 30, 2018 totaled $219.6 million, which represents a 1.8% increase over the FY 2016-17 adopted budget. The County completed a re-valuation of real property that aligns assessed values for tax purposes with the current market value of property within the County. The revaluation increased the tax base by 6%. The State requires counties to publish a revenue neutral rate following a revaluation. The revenue neutral rate is the tax rate that produces a similar amount of revenue had a revaluation not occurred. The revenue neutral tax rate was $0.8377 per $100 of assessed valuation, and that is the rate the County adopted. The FY 2017-18 Budget assumed $1.5 million in new tax revenues due to new construction and new personal property.

The fiscal year 2017-18 budget was balanced without a property tax increase and fully funds all positions of the County. The County budget maintains a goal of allocating 48.1% of General Fund revenues to Education spending. The budget increases per pupil expenditures by $123 to $3,991 per pupil, which is among the highest amounts in the State. The County annual appropriation to education is consistently among the highest per pupil expenditures among the 100 counties in North Carolina. The County budget 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.

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 $6.2 million. As previously indicated, the increase in net position for the proprietary funds was $1.9 million. The Sportsplex Fund reported breakeven results with a net position of $3.6 million. The Solid Waste Landfill Fund reported the majority of proprietary funds increase attributed the supplemental transfers from the General Fund.

The County Capital Assets
(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Land	$ 14,948,778	$ 14,501,148	$ 1,619,059	$ 1,619,059	$ 16,567,837	$ 16,120,207
Land improvements	4,949,636	4,949,636	597,878	615,889	5,547,514	5,565,525
Water resources						
- Lake Orange	481,624	481,624	-	-	481,624	481,624
Buildings	52,003,855	54,941,117	8,814,391	9,282,705	60,818,246	64,223,822
Leasehold improvements	1,961,698	2,132,281	-	-	1,961,698	2,132,281
Sewer lines	-	-	2,018,451	2,105,584	2,018,451	2,105,584
Automotive equipment	1,410,086	2,227,128	1,404,470	1,854,557	2,814,556	4,081,685
Office and other equipment	3,643,878	2,314,530	-	-	3,643,878	2,314,530
Construction in progress	22,444,421	21,138,356	4,939,464	885,884	27,383,885	22,024,240
Total	$ 101,843,976	$ 102,685,820	$ 19,393,713	$ 16,363,678	$ 121,237,689	$ 119,049,498

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, 2018 totals $121.2 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.

Long-Term Debt and Obligations

As of June 30, 2018, the County had total bonded debt outstanding of $71.2 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 $122.7 million. A summary of total long-term debt and other long-term liabilities is shown in Figure 5. The County's total long-term obligations increased by $14.3 million, or 4.5% from the prior fiscal year. The increase is mainly due to the issuance of General Obligation bonds.

The County's bond ratings 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 $1.3 billion. The County has $198.0 million in net debt applicable to the limit. The County has $112.3 million in bonds authorized, but unissued, at June 30, 2018.

The County's Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2018	2017-Restated	2018	2017-Restated	2018	2017-Restated
General obligations bonds	$ 71,185,000	$ 50,430,000	$ -	$ -	$ 71,185,000	$ 50,430,000
Installment notes payable	111,568,633	117,955,755	11,164,960	12,185,551	122,733,593	130,141,306
Resolving loan payable	2,242,677	2,388,317	-	-	2,242,677	2,388,317
Premiums	13,049,290	7,382,845	328,071	-	13,377,361	7,382,845
Accrued compensated absences	3,728,489	3,265,421	241,826	213,756	3,970,315	3,479,177
Net pension liability - LGERS	10,932,395	15,718,303	649,884	934,386	11,582,279	16,652,689
Total pension liability - LEOSSA	4,016,727	3,542,524	-	-	4,016,727	3,542,524
Post-closure liability	-	-	5,719,114	5,881,728	5,719,114	5,881,728
OPEB liability	95,924,108	96,503,866	-	-	95,924,108	96,503,866
Total	$ 312,647,319	$ 297,187,031	$ 18,103,855	$ 19,215,421	$ 330,751,174	$ 316,402,452

Additional information regarding the County's long-term debt can be found in Note 7 on pages 50-56 of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2019

The adopted General Fund Budget for FY 2018-19 totals $226.8 million which represents $7.2 million or a 3.3% increase over the FY 2017-18 adopted budget. The County Budget includes a 1.27 cent increase in the property tax rate to fund a $3.2 million increase in debt service. The County tax rate is recommended to increase from $0.8377 per $100 of assessed valuation to $0.8504 per $100 of assessed valuation. The County tax base has increased by 1.4% to $17.3 billion. This tax base increase coupled with the tax rate increase results in approximately 3.1% growth over the FY 2017-18 property tax revenue projection or an additional $4.4 million in additional property tax revenues.

The County budget maintains a goal of allocating 48.1% of General Fund revenues to Education spending. The budget increases per pupil expenditures by $174 to $4,165 per pupil, which has consistently been among the highest per pupil appropriation amounts in the State. The FY 2018-19 appropriation represents 50.1% of total General Fund revenues. The budget appropriates $3 million of fund balance to establish a new schools deferred maintenance program. The fiscal year 2018-19 budget fully funds all positions of the County and provides a 2% across the board wage increase for all County employees effective July 1, 2018.

Property tax revenues comprise $156.6 million or 72% of General Fund revenues. Sales tax revenues comprise $24.1 million or 11% of General Fund revenues. The remaining 17% of General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues. The revenue budget recognizes the loss of impact fee revenue that had been used to support debt service associated with new school capacity. The impact fee fund contained a residual balance of $1.6 million that is appropriated in the FY2018-19 Recommended Budget.

The budget controls expenditure growth, focusing on funding the continuation needs of County departments and education, and reduces the reliance on fund balance for ongoing budget stabilization. The fund balance appropriation for FY 2018-19 is $8.8 million compared to $9.7 million in FY 2017-18, and $12.7 million in FY 2016-17. This budget goal is consistent with the County's Long Range Financial Plan objectives and the FY 2018-19 budget achieves the County's 16% Unassigned Fund balance policy.

The residents of Orange County approved the Article 46 ¼ cents sales tax in a November 2011 referendum. The Article 46 sales tax became effective April 1, 2012. Fifty percent of the ¼ cent sales tax is allocated to both County school systems on an average daily membership percent basis to fund school capital projects. The other fifty percent is allocated to economic development initiatives including supporting water and sewer infrastructure funding in the County's three economic development districts.

The Article 46 sales tax revenue is budgeted at $3.6 million for fiscal year 2018-19.

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 Finance 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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Orange County ABC Board
ASSETS				
Cash and cash equivalents	$ 73,833,835	$ 15,843,847	$ 89,677,682	$ 2,914,301
Receivables, net of allowance for uncollectibles	3,594,053	602,564	4,196,617	4,897
Taxes receivable, net of allowance for uncollectibles	2,385,074	-	2,385,074	-
Due from other governments	11,482,005	-	11,482,005	-
Internal balances	136,000	(136,000)	-	-
Inventories	16,973	-	16,973	1,971,185
Prepaid items	3,001	-	3,001	116,139
Restricted cash and cash equivalents	53,041,769	-	53,041,769	-
Net pension asset	192,165	-	192,165	-
Capital assets:				
Non-depreciable	42,824,459	6,615,640	49,440,099	2,345,291
Depreciable, net of accumulated depreciation	59,019,517	12,778,073	71,797,590	4,020,648
Total assets	246,528,851	35,704,124	282,232,975	11,372,461
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	9,323,039	523,812	9,846,851	284,739
OPEB related items	488,771	-	488,771	9,077
Deferred charges on refunding	3,853,843	3,280	3,857,123	-
Total deferred outflows of resources	13,665,653	527,092	14,192,745	293,816
LIABILITIES				
Accounts payable	4,869,591	740,570	5,610,161	769,481
Retainage payable	104,233	160,338	264,571	-
Accrued liabilities	3,216,010	389,972	3,605,982	518,698
Customer deposits	-	202,787	202,787	-
Interest payable	2,147,408	-	2,147,408	-
Claims and judgements payable	1,596,235	-	1,596,235	-
Landfill post-closure liability, due within one year	-	211,883	211,883	-
Landfill post-closure liability, due in more than one year	-	5,507,231	5,507,231	-
Installment notes, due within one year	11,939,179	1,038,832	12,978,011	124,374
Installment notes, due in more than one year	105,434,426	10,454,199	115,888,625	1,293,572
Bonds payable, due within one year	9,845,000	-	9,845,000	-
Bonds payable, due in more than one year	68,584,318	-	68,584,318	-
Revolving loan, due within one year	145,640	-	145,640	-
Revolving loan, due in more than one year	2,097,037	-	2,097,037	-
Compensated absences, due within one year	2,237,093	145,095	2,382,188	-
Compensated absences, due in more than one year	1,491,396	96,731	1,588,127	-
Total pension liability, due in more than one year	4,016,727	-	4,016,727	-
Net pension liability, due in more than one year	10,932,395	649,884	11,582,279	405,458
Net OPEB liability, due in more than one year	95,924,108	-	95,924,108	984,167
Total liabilities	324,580,796	19,597,522	344,178,318	4,095,750
DEFERRED INFLOWS OF RESOURCES				
Deferred tax revenue	4,527,328	-	4,527,328	-
Pension related items	442,159	22,502	464,661	-
Deferred charges on refunding	-	84,147	84,147	-
OPEB related items	4,369,239	-	4,369,239	-
Total deferred inflows of resources	9,338,726	106,649	9,445,375	-
NET POSITION				
Net investment in capital assets	30,229,146	10,361,313	40,590,459	4,947,993
Restricted for:				
Stabilization by State Statute	14,222,179	-	14,222,179	-
Public safety	2,937,009	-	2,937,009	-
Human services	2,668,966	-	2,668,966	-
Community services	3,716,198	-	3,716,198	-
Education	26,763,497	-	26,763,497	-
Capital projects	1,431,761	-	1,431,761	606,178
Unrestricted	(155,693,774)	6,165,732	(149,528,042)	2,016,356
Total net position	$ (73,725,018)	$ 16,527,045	$ (57,197,973)	$ 7,570,527

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
Community services	$ 15,223,280	$ 2,908,631	$ 701,288	$ -
General government	16,685,804	3,448,755	606,535	1,620,344
Public safety	32,247,386	6,708,750	1,604,772	-
Human services	43,371,252	2,334,794	19,932,566	-
Education	106,689,649	-	1,357,688	-
Support services	12,733,446	318,273	9,940	-
Interest on long-term debt	5,707,204	-	-	-
Total governmental activities	232,658,021	15,719,203	24,212,789	1,620,344
Business-type activities:				
Solid waste	9,566,421	9,832,462	200,448	-
Sportsplex	3,608,084	3,441,034	-	-
Efland	443,049	208,515	-	-
Total business-type activities	13,617,554	13,482,011	200,448	-
Total primary government	$ 246,275,575	$ 29,201,214	$ 24,413,237	$ 1,620,344
Component Unit:				
Orange County ABC Board	$ 19,971,251	$ 20,184,369	$ -	$ -
Total component unit	$ 19,971,251	$ 20,184,369	$ -	$ -

General revenues:

Ad valorem taxes

Sales and use taxes

Occupancy taxes

Other taxes

Investment earnings (loss)

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
$ (11,613,361)	$ -	$ (11,613,361)	$ (11,613,361)
(11,010,170)	-	(11,010,170)	(11,010,170)
(23,933,864)	-	(23,933,864)	(23,933,864)
(21,103,892)	-	(21,103,892)	(21,103,892)
(105,331,961)	-	(105,331,961)	(105,331,961)
(12,405,233)	-	(12,405,233)	(12,405,233)
(5,707,204)	-	(5,707,204)	(5,707,204)
(191,105,685)	-	(191,105,685)	(191,105,685)
-	466,489	466,489	932,978
-	(167,050)	(167,050)	(334,100)
-	(234,534)	(234,534)	(469,068)
-	64,905	64,905	129,810
$ (191,105,685)	$ 64,905	$ (191,040,780)	$ (190,975,875)
$ -	$ -	$ -	$ 213,118
$ -	$ -	$ -	$ 213,118
$ 160,185,898	$ -	$ 160,185,898	$ -
29,403,519	-	29,403,519	-
1,581,745	-	1,581,745	-
27,270	-	27,270	-
1,392,733	138,915	1,531,648	-
190,910	-	190,910	-
(1,739,866)	1,739,866	-	-
191,042,209	1,878,781	192,920,990	-
(63,476)	1,943,686	1,880,210	213,118
(73,661,542)	14,583,359	(59,078,183)	7,357,409
$ (73,725,018)	$ 16,527,045	$ (57,197,973)	$ 7,570,527

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS	General Fund	County Capital Improvements Fund	School Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash	$ 60,245,130	$ -	$ -	$ 10,819,429	$ 71,064,559
Taxes receivable, net	2,112,266	-	-	272,808	2,385,074
Accounts receivable	826,943	30,300	-	2,492,196	3,349,439
Due from other governments	11,482,005	-	-	-	11,482,005
Advances to other funds	136,000	-	-	-	136,000
Inventory	16,973	-	-	-	16,973
Prepaid items	3,001	-	-	-	3,001
Restricted cash and cash equivalents	-	25,365,304	27,676,465	-	53,041,769
Total assets	$ 74,822,318	$ 25,395,604	$ 27,676,465	$ 13,584,433	$ 141,478,820
LIABILITIES					
Accounts payable	$ 1,743,598	$ 1,578,285	$ 912,968	$ 634,740	$ 4,869,591
Retainage payable	-	104,233	-	-	104,233
Accrued payroll and withholdings	2,035,012	-	-	44,976	2,079,988
Accrued liabilities	1,136,022	-	-	-	1,136,022
Total liabilities	4,914,632	1,682,518	912,968	679,716	8,189,834
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - ad valorem taxes	1,845,099	-	-	181,084	2,026,183
Deferred revenue - prepaid taxes	4,527,328	-	-	-	4,527,328
Total deferred inflows of resources	6,372,427	-	-	181,084	6,553,511
FUND BALANCES					
Nonspendable:					
Inventories	16,973	-	-	-	16,973
Prepaid items	3,001	-	-	-	3,001
Advances to other funds	136,000	-	-	-	136,000
Restricted:					
Stabilization by State Statute	12,576,115	-	-	1,646,064	14,222,179
Public safety	-	-	-	2,755,925	2,755,925
Human services	-	-	-	2,668,966	2,668,966
Community services	-	-	-	3,716,198	3,716,198
Education	-	-	26,763,497	-	26,763,497
Capital projects	-	23,713,086	-	1,431,761	25,144,847
Committed:					
Health benefits	7,543,841	-	-	-	7,543,841
Human services	-	-	-	125,878	125,878
Assigned:					
Use in subsequent fiscal year	8,820,099	-	-	-	8,820,099
Capital projects	-	-	-	148,396	148,396
Human services	-	-	-	166,439	166,439
Community services	-	-	-	64,006	64,006
Unassigned	34,439,230	-	-	-	34,439,230
Total fund balances	63,535,259	23,713,086	26,763,497	12,723,633	126,735,475
Total liabilities, deferred inflows of resources, and fund balances	$ 74,822,318	$ 25,395,604	$ 27,676,465	$ 13,584,433	

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.	101,843,976
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	2,026,183
The net pension liability (assets), total pension liability, net OPEB liability, and related deferred inflows and outflows of resources related to the County's defined benefit pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(105,680,653)
Internal service funds are used by the County to charge costs to other funds. The assets and liabilities are included in the governmental activities.	2,072,370
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(200,722,369)
Net position of governmental activitie:	$ (73,725,018)

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, 2018

	General Fund	County Capital Improvements Fund	School Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 154,116,874	$ -	$ -	$ 6,047,226	$ 160,164,100
Sales tax	25,678,026	-	-	3,725,493	29,403,519
Other taxes	-	-	-	1,609,015	1,609,015
Intergovernmental revenues	17,328,187	1,479,793	-	6,810,084	25,618,064
Charges for services	12,322,736	-	-	651,883	12,974,619
Investment earnings	800,469	241,616	240,474	110,174	1,392,733
License and permits	303,986	-	-	636	304,622
Miscellaneous	2,432,400	140,551	-	97,080	2,670,031
Total revenues	212,982,678	1,861,960	240,474	19,051,591	234,136,703
Expenditures					
Current:					
Community services	11,967,488	-	-	2,692,219	14,659,707
General government	9,515,280	-	-	177,183	9,692,463
Public safety	24,065,971	-	-	6,680,245	30,746,216
Human services	36,449,383	-	-	6,573,300	43,022,683
Education	89,975,647	-	7,002,958	1,921,344	98,899,949
Support services	12,974,342	-	-	-	12,974,342
Capital outlay	-	12,375,007	-	-	12,375,007
Debt service:					
Principal retirements	20,730,642	-	-	433,552	21,164,194
Interest and fiscal charges	6,733,833	470,254	-	169,013	7,373,100
Total expenditures	212,412,586	12,845,261	7,002,958	18,646,856	250,907,661
Excess (deficiency) of revenues over expenditures	570,092	(10,983,301)	(6,762,484)	404,735	(16,770,958)
Other financing sources (uses)					
Proceeds from sale of capital assets	190,910	-	-	-	190,910
Bonds issued	-	2,500,000	26,900,000	-	29,400,000
Premium on financing arrangements	4,995,148	747,310	2,122,685	-	7,865,143
Transfers in	3,564,097	2,442,685	1,357,688	864,230	8,228,700
Transfers out	(4,281,784)	(658,116)	(2,122,685)	(3,436,251)	(10,498,836)
Installment notes issued	25,860,898	5,927,374	937,485	-	32,725,757
Payment to refunded bond escrow agent	(30,091,068)	-	-	-	(30,091,068)
Total other financing sources (uses)	238,201	10,959,253	29,195,173	(2,572,021)	37,820,606
Net change in fund balances	808,293	(24,048)	22,432,689	(2,167,286)	21,049,648
Fund balances, beginning of year	62,726,966	23,737,134	4,330,808	14,890,919	105,685,827
Fund balances, end of year	$ 63,535,259	$ 23,713,086	$ 26,763,497	$ 12,723,633	$ 126,735,475

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, 2018

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

Net change in fund balances - total governmental funds	$	21,049,648
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 outlays in the current period.		(841,844)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		6,798
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.		(18,735,638)
Internal service funds are used by management to charge the costs of the County's insurance plan to individual funds. The net expense of the internal service fund is reported within governmental activities.		938,725
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.		(2,481,165)
Change in net position - governmental activities	$	(63,476)

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, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues				
Property taxes	$ 151,102,340	$ 151,102,340	$ 154,116,874	$ 3,014,534
Sales tax	25,141,784	25,141,784	25,678,026	536,242
Intergovernmental revenue	15,942,282	18,122,725	17,328,187	(794,538)
Charges for services	10,659,112	10,728,754	12,322,736	1,593,982
Investment earnings	265,000	265,000	800,469	535,469
License and permits	328,000	328,000	303,986	(24,014)
Miscellaneous	1,774,465	2,378,854	2,429,026	50,172
Total revenues	205,212,983	208,067,457	212,979,304	4,911,847
Expenditures				
Current:				
Community service	12,336,329	12,692,994	11,967,488	725,506
General government	9,937,091	10,234,436	9,515,280	719,156
Public safety	25,105,778	25,968,986	24,065,971	1,903,015
Human services	37,219,597	38,800,737	36,449,383	2,351,354
Education	89,916,598	89,916,598	89,975,647	(59,049)
Support services	14,101,197	13,613,059	12,974,342	638,717
Debt service:				
Principal retirements	20,553,939	20,865,377	20,730,642	134,735
Interest	6,205,597	6,345,084	6,340,310	4,774
Total expenditures	215,376,126	218,437,271	212,019,063	6,418,208
Excess (deficiency) of revenues over expenditures	(10,163,143)	(10,369,814)	960,241	11,330,055
Other financing sources (uses):				
Installment notes issued	-	127,555	25,673,401	25,545,846
Cost of issuance	-	-	(393,523)	(393,523)
Premium on financing arrangements issued	-	-	4,982,645	4,982,645
Proceeds from sale of capital assets	25,000	25,000	190,910	165,910
Transfers in	3,765,600	3,836,251	3,564,097	(272,154)
Transfers out	(3,396,517)	(4,923,059)	(4,281,784)	641,275
Appropriated fund balance	9,769,060	11,304,067	-	(11,304,067)
Payment to refunded bond escrow agent	-	-	(30,091,068)	(30,091,068)
Total other financing sources	10,163,143	10,369,814	(355,322)	(10,725,136)
Net change in fund balances	-	-	604,919	604,919
Fund balances, beginning of year	62,726,966	62,726,966	62,726,966	-
Fund balances, end of year	$ 52,957,906	$ 51,422,899		$ 604,919

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

Community Loan Fund :	
Net change in fund balance	203,374
	$ 63,535,259

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

ASSETS	Solid Waste Landfill Fund	SportsPlex Fund	Nonmajor Fund Efland Sewer Operating Fund	Totals	Internal Service Funds
CURRENT ASSETS					
Cash and cash equivalents	$ 13,136,166	$ 2,410,294	$ 297,387	$ 15,843,847	$ 2,769,276
Accounts receivable, net of allowances	577,882	24,682	-	602,564	244,614
Total current assets	13,714,048	2,434,976	297,387	16,446,411	3,013,890
CAPITAL ASSETS					
Nondepreciable	4,009,400	2,549,123	57,117	6,615,640	-
Depreciable, net of accumulated depreciation	5,270,192	5,489,430	2,018,451	12,778,073	-
Total noncurrent assets	9,279,592	8,038,553	2,075,568	19,393,713	-
Total assets	22,993,640	10,473,529	2,372,955	35,840,124	3,013,890
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	523,812	-	-	523,812	-
Deferred charges on refunding	-	3,280	-	3,280	-
Total deferred outflows of resources	523,812	3,280	-	527,092	-
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	326,061	346,485	68,024	740,570	-
Retainage payable	79,375	80,963	-	160,338	-
Accrued liabilities	72,214	166,376	151,382	389,972	-
Payroll withholdings	155,757	47,030	-	202,787	-
Claims payable	-	-	-	-	941,520
Installment contracts, current	564,334	474,498	-	1,038,832	-
Landfill post-closure, current	211,883	-	-	211,883	-
Compensated absences payable, current	145,095	-	-	145,095	-
Total current liabilities	1,554,719	1,115,352	219,406	2,889,477	941,520
NONCURRENT LIABILITIES					
Installments contracts	4,673,506	5,780,693	-	10,454,199	-
Landfill post-closure	5,507,231	-	-	5,507,231	-
Advance from other funds	-	-	136,000	136,000	-
Compensated absences payable	96,731	-	-	96,731	-
Net pension liability	649,884	-	-	649,884	-
Total noncurrent liabilities	10,927,352	5,780,693	136,000	16,844,045	-
Total liabilities	12,482,071	6,896,045	355,406	19,733,522	941,520
DEFERRED INFLOWS OF RESOURCES					
Pension related items	22,502	-	-	22,502	-
Deferred charges on refunding	84,147	-	-	84,147	-
Total deferred inflows of resources	106,649	-	-	106,649	-
NET POSITION					
Net investment in capital assets	3,878,230	4,407,515	2,075,568	10,361,313	-
Unrestricted	7,050,502	(826,751)	(58,019)	6,165,732	2,072,370
Total net position	$ 10,928,732	$ 3,580,764	$ 2,017,549	$ 16,527,045	$ 2,072,370

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, 2018

	Solid Waste Landfill Fund	SportsPlex Fund	Nonmajor Fund Efland Sewer Operating Fund	Totals	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 9,832,462	$ 3,441,034	$ 208,515	$ 13,482,011	$ -
Other operating revenues	-	-	-	-	250,553
Employee contributions	-	-	-	-	11,060,508
Total operating revenues	9,832,462	3,441,034	208,515	13,482,011	11,311,061
OPERATING EXPENSES					
Landfill	5,919,217	-	-	5,919,217	-
Administrative and general	2,333,740	2,947,299	276,863	5,557,902	2,388,810
Operations and maintenance	-	-	79,053	79,053	-
Depreciation	1,115,177	408,953	87,133	1,611,263	-
Claims and payments to third party administrators	-	-	-	-	8,547,525
Total operating expenses	9,368,134	3,356,252	443,049	13,167,435	10,936,335
Operating income (loss)	464,328	84,782	(234,534)	314,576	374,726
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental	200,448	-	-	200,448	-
Investment earnings	136,151	-	2,764	138,915	17,526
Gain on disposal of capital assets and related notes	-	-	-	-	937,699
Interest expense	(198,287)	(251,832)	-	(450,119)	-
Total non-operating revenue (expenses)	138,312	(251,832)	2,764	(110,756)	955,225
Income (loss) before transfers	602,640	(167,050)	(231,770)	203,820	1,329,951
Transfers in	1,426,972	168,009	144,885	1,739,866	530,270
Change in net position	2,029,612	959	(86,885)	1,943,686	1,860,221
Net position, beginning of year, restated	8,899,120	3,579,805	2,104,434	14,583,359	212,149
Net position, end of year	$ 10,928,732	$ 3,580,764	$ 2,017,549	$ 16,527,045	$ 2,072,370

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, 2018

	Solid Waste Landfill Fund	SportsPlex Fund	Nonmajor Fund Efland Sewer Operating Fund	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 9,640,027	$ 3,433,716	$ 208,515	$ 13,282,258	$ 11,382,321
Payments to suppliers	(4,100,448)	(1,418,376)	(297,220)	(5,816,044)	(11,319,869)
Payments to employees	(4,008,933)	(1,160,461)	-	(5,169,394)	-
Net cash provided by (used in) operating activities	1,530,646	854,879	(88,705)	2,296,820	62,452
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	1,426,972	168,009	144,885	1,739,866	530,270
Net cash provided by non-capital financing activities	1,426,972	168,009	144,885	1,739,866	530,270
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases and acquisition of capital assets	(2,867,260)	(1,774,038)	-	(4,641,298)	-
Receipt of intergovernmental revenues	200,448	-	-	200,448	-
Proceeds from issuance of debt	1,487,393	416,850	-	1,904,243	-
Principal payments on long-term debt	(496,981)	(472,068)	-	(969,049)	-
Bond premium	246,911	81,160	-	328,071	-
Refunding deposit with escrow agent	(1,460,907)	(494,824)	-	(1,955,731)	-
Interest paid	(202,881)	(254,077)	-	(456,958)	-
Net cash provided by (used in) capital and related financing activities	(3,093,277)	(2,496,997)	-	(5,590,274)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	136,151	-	2,764	138,915	17,526
Net cash provided by investing activities	136,151	-	2,764	138,915	17,526
Net increase (decrease) in cash and cash equivalents	492	(1,474,109)	58,944	(1,414,673)	610,248
Cash and cash equivalents, beginning of year	13,135,674	3,884,403	238,443	17,258,520	2,159,028
Cash and cash equivalents, end of year	$ 13,136,166	$ 2,410,294	$ 297,387	$ 15,843,847	$ 2,769,276
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	$ 464,328	$ 84,782	$ (234,534)	$ 314,576	$ 374,726
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	1,115,177	408,953	87,133	1,611,263	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
(Increase) decrease in accounts receivable	(192,435)	(7,318)	-	(199,753)	71,260
Increase in accounts payable	233,678	315,607	22,470	571,755	-
Increase (decrease) in deffered charges on refunding	84,147	(3,280)	-	80,867	-
Increase (decrease) in accrued payroll withholdings	(53,617)	5,371	-	(48,246)	-
Increase in accrued liabilities	459	50,764	36,226	87,449	-
Decrease in post-closure liability	(162,614)	-	-	(162,614)	-
Increase in compensated absences payable	28,070	-	-	28,070	-
Decrease in claims payable	-	-	-	-	(383,534)
Increase in pension related items	13,453	-	-	13,453	-
Net cash provided by (used in) operating activities	$ 1,530,646	$ 854,879	$ (88,705)	$ 2,296,820	$ 62,452

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

ASSETS	Agency Funds	OPEB Trust Fund
Cash and cash equivalents	$ 1,103,163	$ 85
Investments:		
Fixed Income Fund	-	440
Equity Index Fund	-	283,253
Taxes receivable	336,943	-
Other receivable	120,665	-
Total assets	$ 1,560,771	$ 283,778
LIABILITIES		
Due to others	$ 1,223,828	$ -
Uncollected taxes	336,943	-
Total liabilities	$ 1,560,771	-
NET POSITION		
Net position restricted for OPEB benefits		$ 283,778

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	OPEB Trust Fund
ADDITIONS	
Employer contributions	$ 3,137,462
Investment income:	
Net appreciation of fair value of investments	23,856
Net investment income	23,856
Total additions	3,161,318
DEDUCTIONS	
Benefit payments	3,137,462
Total deductions	3,137,462
Change in net position	23,856
NET POSITION RESTRICTED FOR OPEB BENEFITS	
Beginning of year	259,922
End of year	$ 283,778

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

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

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.

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.

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 Community Loan Fund is also presented in the General Fund, for reporting purposes.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **fiduciary funds** consist of two types, the first is agency funds, which 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 Mental Health Insurance Fund, which accounts for the funds received from Orange Person Chatham "OPC" Mental Health Developmental Disabilities and Substance Abuse Authority and its former employees to cover insurance costs for retirees; the Orange County Giving Fund, which accounts for donor specific contributions to targeted initiatives; and the Crop Loan Fund, which accounts for the purchase of North Carolina grown products to be used by clients of the Piedmont Food and Agricultural Processing Center.

The second type of fiduciary fund is a Trust Fund. The Other Postemployment Benefit Trust Fund accounts for the accumulation of resources to be used for the employer portion of retiree health insurance premiums, at appropriate amounts and times in the future. Resources are contributed by the County at rates determined by actuarial computations.

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.

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 Recreation Subdivision Fund, Heusner Fund, Library Development Fund, County Capital Reserve Fund, the School Capital Reserve Fund, the Community Loan Fund, or the Vehicle Replacement 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, 2018, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

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.

General Statue 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(b)(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S 147-69.2(b)(8).

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017.

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."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules and are offset by a fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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, 2018, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method in the governmental funds.

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

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 outflows 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/expenditure) until then. One item that qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred, as either a deferred outflow or deferred inflow of resources, and amortized over the shorter of the life of the refunded debt or the refunding debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial statements 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 one item that qualifies for reporting in this category which occurs in the governmental activities and governmental funds. The County reports a deferred inflow of resources for the property taxes paid in advance of the period they were intended to finance. 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.

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability – LGERS, net pension liability – ROD, total pension liability – LEOSSA, and net other postemployment benefit (OPEB) liability. Certain changes in the net pension liability and net OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability and net OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability and net OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in proportion and differences between employer contributions and proportionate share of contributions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on plan investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

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.”

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.

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 $99 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Post-employment Healthcare Benefits Plan (PHCB Plan) and additions to/deductions from PHCB Plan's fiduciary net position have been determined on the same basis as they are reported by the PHCB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. 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.

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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 $200,722,369 difference are as follows:

Installment notes	$	(111,568,633)
Installment notes premiums		(5,804,972)
Bonds payable		(71,185,000)
Bond premium		(7,244,318)
Deferred outflow of resources - deferred charges on refunding		3,853,843
Revolving loan payable		(2,242,677)
Accrued interest payable		(2,147,408)
Claims payable, not accounted for in an internal service fund		(654,715)
Compensated absences (i.e., vacation)		(3,728,489)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(200,722,369)

Another element of that reconciliation explains that "the net pension liability (asset), total pension liability, net OPEB liability, and related deferred inflows and outflows of resources related to the County's defined benefit pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds." The details of this $105,680,653 difference are as follows:

Total pension liability and related deferred inflows and outflows of resources - Law Enforcement Officers' Special SeparationAllowance (LEOSSA) - pension plan	$	(3,671,387)
Net pension liability and related deferred inflows and outflows of resources - LGERS - pension plan		(2,452,397)
Net OPEB liability and related deferred inflows and outflows of resouces		(99,804,576)
Net pension asset and related deferred inflows and outflows of resouces - Register of Deeds Retirement Plan - pension plan		247,707
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(105,680,653)

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 $841,844 difference are as follows:

Capital outlay	$	4,585,307
Depreciation expense		(5,427,151)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(841,844)

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 $18,735,638 difference are as follows:

Debt service payments on long-term liabilities	$	21,164,194
Refunding payments on long-term liabilities		30,091,068
Issuance of long-term liabilities		(62,125,757)
Issuance of bond premium		(7,865,143)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(18,735,638)

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 "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 $2,481,165 difference are as follows:

Compensated absences (i.e., vacation)	$	(463,068)
Change in accrued interest		(407,273)
Amortization of premium and deferred charges		2,073,169
Claims payable, not accounted for in an internal service fund		(53,491)
Net pension liability and related deferred outflows and inflows - LGERS		(179,397)
Total pension liability and related deferred outflows and inflows - LEOSSA		(133,754)
Net pension asset and related deferred outflows and inflows- ROD		(16,641)
Net OPEB liability and related deferred outflows and inflows		(3,300,710)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(2,481,165)

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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	$	270,644
Register of deeds		20,692
Human services:		
Library services		12,762
Education:		
Fair funding		59,049
Support services:		
Non-departmental		121,962
Dental and Health Insurance Fund		23,801

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

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2018 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	$	89,677,682
Restricted cash and cash equivalents		53,041,769
Fiduciary - agency funds		1,103,163
	$	143,822,614
Cash deposited with financial institutions	$	51,994,477
Cash deposited with NCCMT		91,828,137
	$	143,822,614

In addition to the above, the County's OPEB Trust Fund includes $85 of cash equivalents invested with the State Treasurer's Short Term Investment Fund.

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, 2018, the County had $91,828,137 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.

At June 30, 2018, the Orange County OPEB Trust Fund had $283,778 invested in the State Treasurer's Local Government Other Postemployment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the County's OPEB Trust investment in the State Treasurer's OPEB Trust was invested as follows: State Treasurer's BIF 0.2% and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 99.8%.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The County's OPEB Trust Fund has the following recurring fair value measurements as of June 30, 2018: (1) The State Treasurer's STIF assets ($85) are valued using level 1 inputs; (2) the State Treasurer's BIF ($440) is valued using level 2 inputs; and (3) the Blackrocks's MSCI ACWE EQ Index Non-Lendable Class B Fund ($283,253) is valued using level 3 inputs.

The underlying investments in the STIF are recorded at fair value as of year-end in accordance with STIP operating procedures using active market information for trades at year-end. For the BIF, fair value is determined daily with the fair value for the fixed income securities in the BIF being calculated by a third party pricing vendor based on future principal and interest payments discounted using market yields. Fair values are determined for the Blackrocks MSCI ACWE EQ Index Non-Lendable Class B Fund using net asset value measured as of the County's year-end using the value of the underlying investments with are predominately in international equities. The County invests in the Blackrock fund through the Office of the State Treasurer and there are no restrictions on withdrawal.

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF had a weighted average maturity of 1.4 years at June 30, 2018. The State Treasurer's BIF had a weighted average maturity of 8.24 years at June 30, 2018. The County's investments with the NCCMT reported a weighted-average duration of 0.09 years at June 30, 2018.

Credit risk: The County does not have a formal investment policy regarding credit risk for the OPEB Trust Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6). The Blackrock MSCI ACWE EQ Index Non-Lendable Class B Fund is unrated.

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, 2018, the County's deposits are insured or collateralized as required by GASB and state statutes.

NOTE 5. RECEIVABLES

Receivables at June 30, 2018, for the County's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	County Capital Improvements	Solid Waste Landfill	SportsPlex	Other Governmental
Receivables:					
Taxes	$ 4,161,390	$ -	$ -	$ -	$ 272,808
Accounts	826,943	30,300	635,237	24,682	2,492,196
Due from other governments	11,482,005	-	-	-	-
Less allowance for uncollectible	(2,049,124)	-	(57,355)	-	-
Net total receivables	$ 14,421,214	$ 30,300	$ 577,882	$ 24,682	$ 2,765,004

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NOTE 6. CAPITAL ASSETS

Capital asset activity for the County for the year ended June 30, 2018 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Nondepreciable capital assets:				
Land and easements	$ 19,450,784	$ 447,630	$ -	$ 19,898,414
Intangible rights	481,624	-	-	481,624
Construction in progress	21,138,356	1,306,065	-	22,444,421
Total	41,070,764	1,753,695	-	42,824,459
Capital assets, being depreciated:				
Buildings and improvements	97,323,589	-	-	97,323,589
Leasehold improvements	3,411,653	-	-	3,411,653
Automotive equipment	10,982,548	318,869	(574,273)	10,727,144
Other equipment	9,500,565	2,512,743	(247,761)	11,765,547
Total being depreciated	121,218,355	2,831,612	(822,034)	123,227,933
Less accumulated depreciation for:				
Buildings and improvements	(42,382,472)	(2,937,262)	-	(45,319,734)
Leasehold improvements	(1,279,372)	(170,583)	-	(1,449,955)
Automotive equipment	(8,755,420)	(1,135,911)	574,273	(9,317,058)
Other equipment	(7,186,035)	(1,183,395)	247,761	(8,121,669)
Total	(59,603,299)	(5,427,151)	822,034	(64,208,416)
Total capital assets, being depreciated, net	61,615,056	(2,595,539)	-	59,019,517
Governmental activities capital assets, net	$ 102,685,820	$ (841,844)	$ -	$ 101,843,976

The Vehicle Replacement Fund, an internal service fund, was eliminated during the 2018 fiscal year and the associated cost and accumulated depreciation of the Fund's vehicles ($4,754,678 and $2,672,574, respectively) were absorbed by governmental activities and therefore, have been reflected in the beginning balance.

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Solid Waste Landfill:				
Nondepreciable capital assets:				
Land	$ 824,593	$ -	$ -	$ 824,593
Construction in progress	865,597	2,319,210	-	3,184,807
Total	1,690,190	2,319,210	-	4,009,400
Capital assets, being depreciated:				
Land improvements	3,956,457	-	-	3,956,457
Buildings	5,084,038	-	-	5,084,038
Equipment	10,847,420	548,050	(504,788)	10,890,682
Total	19,887,915	548,050	(504,788)	19,931,177
Less accumulated depreciation for:				
Land improvements	(3,397,685)	(18,011)	-	(3,415,696)
Buildings	(1,417,691)	(163,499)	-	(1,581,190)
Equipment	(9,235,220)	(933,667)	504,788	(9,664,099)
Total	(14,050,596)	(1,115,177)	504,788	(14,660,985)
Total capital assets being depreciated, net	5,837,319	(567,127)	-	5,270,192
Solid Waste Landfill capital assets, net	$ 7,527,509	$ 1,752,083	$ -	$ 9,279,592

	Beginning Balance	Increases	Decreases	Ending Balance
Efland Sewer Operating Fund:				
Nondepreciable capital assets:				
Land right of way	$ 57,117	$ -	$ -	$ 57,117
Total	57,117	-	-	57,117
Capital assets, being depreciated:				
Sewer Lines	3,707,847	-	-	3,707,847
Less accumulated depreciation	(1,602,263)	(87,133)	-	(1,689,396)
Total capital assets being depreciated, net	2,105,584	(87,133)	-	2,018,451
Efland Sewer Operating Fund capital assets, net	$ 2,162,701	$ (87,133)	$ -	$ 2,075,568

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
SporstPlex				
Nondepreciable capital assets:				
Land	$ 794,466	$ -	$ -	$ 794,466
Construction in progress	20,287	1,734,370	-	1,754,657
Total	814,753	1,734,370	-	2,549,123
Capital assets, being depreciated:				
Buildings	8,367,420	-	-	8,367,420
Equipment	549,475	39,668	-	589,143
Total	8,916,895	39,668	-	8,956,563
Less accumulated depreciation for:				
Buildings	(2,751,062)	(304,815)	-	(3,055,877)
Equipment	(307,118)	(104,138)	-	(411,256)
Total	(3,058,180)	(408,953)	-	(3,467,133)
Total capital assets being depreciated, net	5,858,715	(369,285)	-	5,489,430
SportsPlex Fund capital assets, net	$ 6,673,468	$ 1,365,085	$ -	$ 8,038,553

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

Governmental activities:	
Community services	$ 460,699
General government	3,617,009
Public safety	1,164,526
Human services	93,924
Support services	90,993
Total depreciation expense - governmental activities	$ 5,427,151
Business-type activities	
Solid Waste Landfill	$ 1,115,177
SportsPlex	408,953
Efland Sewer Operating	87,133
Total depreciation expense - business-type activities	$ 1,611,263

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018 is as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 50,430,000	$ 29,400,000	$ (8,645,000)	$ 71,185,000	$ 9,845,000
Bond premium	7,382,845	2,060,171	(2,198,698)	7,244,318	-
General obligation bonds	57,812,845	31,460,171	(10,843,698)	78,429,318	9,845,000
Installment notes payable	117,955,775	32,725,757	(39,112,899)	111,568,633	11,939,179
Notes premium	-	5,804,972	-	5,804,972	-
Installment notes payable	117,955,775	38,530,729	(39,112,899)	117,373,605	11,939,179
Revolving loan payable	2,388,317	-	(145,640)	2,242,677	145,640
Net pension liability - LGERS	15,718,303	4,950,051	(9,735,959)	10,932,395	-
Total pension liability - LEOSSA	3,542,524	626,938	(152,735)	4,016,727	-
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
Net OPEB liability	96,503,866	7,707,121	(8,286,879)	95,924,108	-
Governmental activity Long-term liabilities	$ 297,788,275	$ 85,774,588	$ (70,260,829)	$ 313,302,034	$ 24,821,627
Business-type activities:					
Installment notes	12,185,551	1,904,243	(2,924,834)	11,164,960	1,038,832
Notes premium	-	328,071	-	328,071	-
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	-
Compensated absences	213,756	152,690	(124,620)	241,826	145,095
Long-term liabilities	$ 19,215,421	$ 2,711,816	$ (3,823,382)	$ 18,103,855	$ 1,395,810

For governmental funds, compensated absences are liquidated by the General Fund. The net pension liability – LGERS, total pension liability - LEOSSA, net OPEB liability, and compensated absences are liquidated primarily by the General Fund. The claims payable liability is liquidated through the General Fund.

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, 2018 are as follows:

Governmental activities	Balance as of June 30, 2018
$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%	$ 670,000
$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%	10,920,000
$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%	19,790,000
$13,300,000 2012 Refunding serial bond, due in semi-annual installments through April 30, 2021; interest at 2.00-4.00%	10,405,000
$5,900,000 2017 Series A bond, due in annual installments of $500,000 to $630,000 through through February 1, 2028; interest at 4.00-5.00%	5,900,000
$21,000,000 2017 Series B bond, due in annual installments of $410,000 to $1,470,000 through through February 1, 2038; interest at 2.15-5.00%	21,000,000
$2,500,000 2017 Series C bond, due in annual installments of $560,000 to $970,000 through through February 1, 2021; interest at 1.55-1.90%	2,500,000
Total outstanding general obligation bonds payable	$ 71,185,000

Of the amount serviced by the County's General Fund shown above, $53,619,633 is considered to be school bond debt.

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

	Principal	Interest	Total
Year Ending June 30,			
2019	$ 9,845,000	$ 2,464,676	$ 12,309,676
2020	10,010,000	2,125,769	12,135,769
2021	13,930,000	1,714,045	15,644,045
2022	12,510,000	1,267,805	13,777,805
2023	2,840,000	872,555	3,712,555
2024-2028	7,350,000	3,054,775	10,404,775
2029-2033	7,350,000	1,737,542	9,087,542
2034-2038	7,350,000	676,200	8,026,200
Total	$ 71,185,000	$ 13,913,367	$ 85,098,367

As of June 30, 2018, the County has $112.3 million of authorized but unissued bonds.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable

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

Business-type activities	**Balance as of June 30, 2018**
Solid Waste Landfill Fund:	
$1,819,022 Refunding 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%	$ 447,832
$2,711,195 Refunding 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%	1,238,839
$1,034,661 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%	751,428
$164,500 Installment note payable (2016), due in annual payments of $10,948 to $11,004; interest at 2.55% through May 13, 2031	142,492
$543,953 Installment note payable (2016), due in annual payments of $72,686 to $83,207; interest at 2.30% through May 13, 2023	397,146
$562,719 Installment note payable (2017), due in annual payments of $36,883 to $22,798; interest at 2.83% through June 1, 2037	525,834
$1,152,393 Installment note payable (2017), due in annual payments of $49,000 to $281,000; interest at 4.00% to 5.00% through October 1, 2032	1,152,393
$335,000 Installment note payable (2018), due in annual payments of $60,000 to $75,000; interest at 3.25% to 5.00% through April 1, 2037	335,000
SportsPlex Fund:	
$1,149,150 Refunding 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%	282,806
$3,981,477 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%	2,891,570
$2,764,001Installment note payable (2016), due in annual payments of $36,883 to $22,798; interest at 2.83% through June 1, 2037	2,582,770
$416,850 Installment note payable (2017), due in annual payments of $67,000 to $146,700; interest at 4.00% to 5.00% through October 1, 2032	416,850
Total outstanding limited obligation bonds payable (installment notes)	$ 11,164,960

NOTE 7. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable (Continued)

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

	Principal	Interest	Total
Year Ending June 30,			
2019	$ 1,038,832	$ 496,643	$ 1,535,475
2020	1,055,541	459,269	1,514,810
2021	958,201	415,908	1,374,109
2022	971,699	376,305	1,348,004
2023	972,647	278,340	1,250,987
2024-2028	3,904,684	794,529	4,699,213
2029-2033	1,572,890	238,051	1,810,941
2024-2037	690,466	46,120	736,586
Total	$ 11,164,960	$ 3,105,165	$ 14,270,125

During 2018 the County issued $27,120,000 of installment notes which carry an interest rate of 4.00% to 5.00%. The proceeds of the notes were used to partially advance refund $16,583,634 of the 2011 installment notes, partially advance refund $12,982,205 of the 2012 installment notes, and current refunding of $2,400,000 of the 2006 installment note. The proceeds, along with the $5,280,199 premium, were used to refund three existing notes, as well as pay for the cost of issuance on the new note. The new notes as well as the refunded notes are allocated between governmental activities and business-type activities.

The reacquisition price exceeded the net carrying amount of the old debt by $1,833,634 and $1,437,205, for the 2011 note and the 2012 note, respectively. The deferred charges on refunding will be amortized over the life of the life of new notes. The refunding of the old notes created as debt service savings of $2,003,394, to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,727,504.

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, 2018 are as follows:

Governmental activities	Balance as of June 30, 2018
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.	$ 5,274,367
2011 Refunded limited obligation bonds for $35,336,828 issued in September 2011 with annual payments of $2,163,291 to $2,190,966. The bond bears an interest rate of 2% to 5% and matures in 2022.	8,699,288
2017 Refunding limited obligation bonds for $25,550,757 issued in November 2017 with annual payments of $545,000 to $5,527,128. The bond bears an interest rate of 4% to 5% and matures in 2032.	25,550,757
2012 Refunded limited obligation bonds for $56,268,805 issued in April 2012 with annual payments of $3,143,535 to $4,426,708. The bond bears an interest rate of 2% to 5% and matures in 2024.	25,711,162
2018 Limited obligation bonds for $7,510,000 issued June 2018 with annual payments of $210,000 to $840,000. The note bears an interest rate of 3.25% to 5.00% and matures in 2039.	7,175,000
$4,136,434 of Qualified School Construction Bonds, due in annual installments of $275,762 at 0% interest through March 15, 2025.	1,930,337
2015 Limited obligation bonds for $20,110,000 issued in June 2015 with annual payments of $202,653 to $1,366,028. The bond bears an interest rate of 2% to 5% and matures in 2035.	10,962,001
A note issued by SunTrust Bank for $6,950,000 was issued in July 2013 with annual payments of $447,000 to $500,000. The note bears an interest rate of 2.13% and matures in 2028.	4,755,000
A note issued by Sterling Bank for $10,144,279 was issued in June 2017 with annual payments of $669,461 to $410,518. The note bears an interest rate of 2.83% and matures in 2037.	9,479,340

Continued

NOTE 7. LONG-TERM DEBT (CONTINUED)

Installment Notes (Continued)

Governmental activities (continued)	June 30, 2018
A note issued by Bank of America for $10,589,000 was issued in January 2014 with annual payments of $449,000 to $1,218,000. The note bears an interest rate of 2.42% and matures in 2029.	5,716,000
A note issued by First Bank for $5,710,500 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.	4,946,538
A note issued by First Bank for $1,731,047 was issued in May 2016 with annual payments of $235,879 to $264,793. The note bears an interest rate of 2.3% and matures in 2023.	1,263,855
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.	104,988
Total outstanding installment notes payable	$ 111,568,633

Of the original amount serviced by the County's governmental activities shown above, $45,348,441 is considered to be school related debt.

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

	Principal	**Interest**	**Total**
Year Ending June 30,			
2019	$ 11,939,179	$ 3,667,933	$ 15,607,112
2020	11,873,518	3,202,595	15,076,113
2021	11,633,857	2,766,809	14,400,666
2022	11,727,359	2,323,240	14,050,599
2023	11,075,411	1,230,231	12,305,642
2024-2028	38,197,759	6,591,629	44,789,388
2029-2033	11,717,005	1,651,552	13,368,557
2034-2038	3,189,545	274,149	3,463,694
2039	215,000	3,628	218,628
Total	$ 111,568,633	$ 21,711,766	$ 133,280,399

NOTE 7. LONG-TERM DEBT (CONTINUED)

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:

	Principal	Interest	Total
Year Ending June 30,			
2019	$ 145,640	50,830	$ 196,470
2020	145,640	47,519	193,159
2021	145,640	44,207	189,847
2022	145,640	40,896	186,536
2023	145,640	37,585	183,225
2024-2028	728,200	138,256	866,456
2029-2033	728,200	55,476	783,676
2034	58,077	1,162	59,239
Total	$ 2,242,677	$ 415,931	$ 2,658,608

Landfill Closure and Post-Closure

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 $5,719,114. 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. As of June 30, 2018, the construction and demolition landfill has used approximately 73% of the permitted 292,000 cubic yards of capacity. The remaining costs, not yet accrued for the construction and demolition landfill of $825,570 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, 2018 is as follows:

Advance to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Efland Sewer Fund	$ 136,000
		$ 136,000

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 the next several fiscal years.

Interfund transfers:

Transfer In	Transfer Out	Amount
General Fund	Nonmajor governmental funds	$ 3,436,251
General Fund	County Capital Improvements	127,846
		3,564,097
County Capital Improvements	General Fund	320,000
County Capital Improvements	School Capital Improvements	2,122,685
		2,442,685
School Capital Improvements	General Fund	1,357,688
Nonmajor governmental funds	General Fund	864,230
Solid Waste Landfill Fund	General Fund	1,426,972
SportsPlex Fund	General Fund	168,009
Efland Sewer Fund	General Fund	144,885
Internal Service Funds	County Capital Improvements	$ 530,270

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.

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 (LEOSSA), and the Register 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 LEOSSA is reported in accordance with GASB Statement No. 73. The net pension liability (asset), total pension liability, and related deferred outflows of resources and deferred inflows of resources for the LGERS, LEOSSA, and RODSPF are summarized as follows:

	LGERS	LEOSSA	RODSPF	Total
Net pension asset	$ -	$ -	$ 192,165	$ 192,165
Net pension liability	11,582,279	-	-	11,582,279
Total pension liability	-	4,016,727	-	4,016,727
Deferred ouflows of resoureces related to pensions	9,382,344	401,952	62,555	9,846,851
Deferred inflows of resources related to pensions	401,036	56,612	7,013	464,661

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.

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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 $3,841,938 for the year ended June 30, 2018.

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, 2018, the County reported a liability of $11,582,279 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 0.75814%, which was a decrease of 0.02650% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of $4,034,788. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 667,247	$ 327,858
Net difference between projected and actual earnings on pension plan investments	2,812,192	-
Changes in proportion and differences between County contributions and proportionate share of contributions	406,857	73,178
Changes in plan assumptions	1,654,110	-
County contributions subsequent to the measurement date	3,841,938	-
Total	$ 9,382,344	$ 401,036

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

County contributions made subsequent to the measurement date of $3,841,938 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	$	832,539
2020		3,455,439
2021		1,732,821
2022		(881,429)
Total	$	5,139,370

Actuarial Assumptions. The total pension liability as of June 30, 2017 was determined by the December 31, 2016 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 7.20%. This represents a reduction from the discount rate used in the prior year rate of 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.

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 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	$ 34,770,264	$ 11,582,279	$ (7,772,368)

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. Orange County administers a public employee retirement system (the "Separation Allowance"), a single employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is administered by the State of North Carolina. The Separation Allowance is equal to 0.85 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, 2016, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	11
Active plan members	95
Total	106

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 criteria, which are outlined in GASB Statement 73 paragraph 4.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate used to measure the total pension liability is the Standard & Poor's 20-year Municipal Bond High Grade Rate Index. Since the prior measurement date, the discount rate has changed from 3.86% to 3.16% due to a change in the Municipal Bond Rate.

The plan currently uses mortality tables that vary by age, 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid $182,833 as benefits came due for the reporting period.

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

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

At June 30, 2018, the County reported a total pension liability of $4,016,727. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of $316,587. At June 30, 2018 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 188,925	$ 56,612
Differences between expected and actual experience	107,652	-
County benefit payments made subsequent to the measurement date.	105,375	-
Total	$ 401,952	$ 56,612

An amount of $105,375, reported as deferred outflows of resources related to pensions, resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	
2019	$ 48,664
2020	48,664
2021	48,664
2022	48,664
2023	45,309
Total	$ 239,965

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

Changes in the Total Pension Liability. The changes in the total pension liability of the County for the fiscal year ended June 30, 2018 were as follows:

		Total Pension Liability
Balance at June 30, 2017	$	3,542,524
Service cost		134,129
Interest		133,794
Experience differences		130,316
Assumption changes		228,699
Contributions		(152,735)
Balance at June 30, 2018	$	4,016,727

The required schedule of changes in the County's total pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.16 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	$ 4,353,860	$ 4,016,727	$ 3,708,060

C. Register of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory cost-sharing multiple-employer, 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 Resisters 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.

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund (Continued)

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 $6,229 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of $192,165 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 1.12581%, which was a decrease of 0.02726% from its proportion measured as of June 30, 2016.

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund (Continued)

For the year ended June 30, 2018, the County recognized pension expense of $26,550. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,299	$ 619
Net difference between projected and actual earnings on pension plan investments	16,336	-
Changes in proportion and differences between County contributions and proportionate share of contributions	4,268	6,394
Changes in assumptions	32,423	-
County contributions subsequent to the measurement date	6,229	-
Total	$ 62,555	$ 7,013

County contributions made subsequent to the measurement date of $6,229 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2019	$ 27,093
2020	16,186
2021	1,869
2022	4,165
Total	$ 49,313

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund (Continued)

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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2017 is 3.75%, including inflation.

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 3.75%. 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.

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund (Continued)

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 3.75 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 (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	$ (151,039)	$ (192,165)	$ (226,749)

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.

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. Additionally, the law enforcement officers mhay make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were $734,051 which consisted of $424,728 from the County and $309,323 from the law enforcement officers.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Administration and Benefits. The County, as authorized by the County Commission, administers a single-employer defined benefit Postemployment Healthcare Benefits Plan (the "PHCB Plan"). The PHCB Plan is administered by the County management, under the direction of the County's Board of Commissioners. 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 PHCB Plan.

Plan Membership. Membership of the PHCB Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

Active participants	893
Retirees and beneficiaries currently receiving benefits	325
Total	1,218

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions. The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2018, The County contributed $3,647 per active employee. Plan members, once retired, contribute to the plan based on number of years of creditable service. The County's contribution is dependent on the employee's number of years of creditable service. Retirees pay a monthly premium of $370 with up to ten years of creditable service and $185 with ten to twenty years of creditable service. Retirees with more than twenty years of creditable service do not contribute to the plan. The Board of Commissioners may amend the benefit provisions.

Per a County resolution, the County is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the year ended June 30, 2018, current year benefit payments made by the County were $3,137,462.

Investments

Investment policy. The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan's discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board's adopted asset allocation policy as of June 30, 2018:

Asset Class	Targe Allocation	Long-Term Expected Real Rate of Return
Fixed income	30.00%	1.4%
Short Term Index Fund	30.00%	7.0%
Equity Index Fund	40.00%	5.3%
Total	100.00%	

Rate of return. For the year ended June 30, 2018, the annual money weighted rate of return on investments of the HCB Plan, net of investment expense, was 0.7 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability of the County

Effective July 1, 2017, the County implemented the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which significantly changed the County's accounting for OPEB amounts. The information disclosed below is presented in accordance with this new standard.

The County's total OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial assumptions. The net OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	3.89%
Long-term expected rate of return on OPEB investments	5.00%, net of investment expenses, including inflation
Healthcare Cost Trend Rate:	7.75% - 5.00%, Ultimate Trend in 2022 (Pre-Medicare)
	5.75% - 5.00%, Ultimate Trend in 2019 (Medicare)
Inflation Rate:	2.50%
Salary increase:	3.50% to 7.35% (LEO) or 7.75% (other), including inflation
Participation rate:	75% to 100%, depending on length of service

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using scale MP-2015.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 2010-2014.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	30.0%	1.4%
Short Term Index Fund	30.0%	7.0%
Equity Index Fund	40.0%	5.3%
Total	100%	

* Rates are shown net of the 2.50% assumed rate of inflation

Discount rate. The discount rate used to measure the net OPEB liability was 3.89 percent. The projection of cash flows used to determine the discount rate assumed that the County will contribute in amounts consistent with its formal contribution policy. Based on those assumptions, the OPEB Trust Fund's fiduciary net position was projected to be available to make projected future benefit payments of current plan members until 2018. Therefore, the long-term expected rate of return on OEPB plan investments was applied to projected benefit payments until 2018 to determine the net OPEB liability. For projected benefit payments of current plan members after 2018, the index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.89 percent as determined by the Bond Buyer 20 year Bond GO Index Rate as of June 30, 2018 – was used. The discount rate of 3.89 percent was the single rate which, when applied to all projected benefit payments, resulted in the same present value of benefit payments when the above discussed calculations are combined. The discount rate of 3.89 percent was an increase from the discount rate of 3.57 percent utilized to determine the net OPEB liability as of the beginning of the measurement period due to an increase in the underlying municipal bond rate index utilized.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability of the County. The changes in the components of the net OPEB liability of the County for the year ended June 30, 2018, were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/17	$ 96,763,788	$ 259,922	$ 96,503,866
Changes for the year:			
Service cost	3,733,643	-	3,733,643
Interest	3,398,954	-	3,398,954
Differences between expected and actual experience	574,520	-	574,520
Assumption Changes	(5,125,557)	-	(5,125,557)
Contributions—employer	-	3,137,462	(3,137,462)
Net investment income	-	23,856	(23,856)
Benefit payments	(3,137,462)	(3,137,462)	-
Net changes	(555,902)	23,856	(579,758)
Balances at 6/30/18	$ 96,207,886	$ 283,778	$ 95,924,108

The Plan's fiduciary net position as a percentage of the total OPEB liability	0.3%

The required schedule of changes in the County's net OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89%) or 1-percentage-point higher (4.89%) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	$ 113,347,177	$ 95,924,108	$ 82,153,318

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.75% decreasing to 4%) or 1-percentage-point higher (8.75% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (6.75% to 4.00%)	Current (7.75% to 5.00%)	1% increase (8.75 to 6.00%)
Net OPEB liability	$ 79,437,919	$ 95,924,108	$ 117,339,245

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 revisions 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 June 30, 2018 and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of $6,438,172. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 488,771	$ -
Changes in assumptions	-	4,360,548
Net difference between projected and actual earnings on OPEB plan investments	-	8,691
Total	$ 488,771	$ 4,369,239

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:		
2019	$	(681,433)
2020		(681,433)
2021		(681,433)
2022		(681,432)
2023		(679,260)
Thereafter		(475,477)
Total	$	(3,880,468)

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.

NOTE 11. RISK MANAGEMENT (CONTINUED)

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 2018, a total of $8,547,525 and $1,676,818 were incurred for benefits and administrative costs for the dental and health plans, respectively.

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.

NOTE 11. RISK MANAGEMENT (CONTINUED)

For the Dental and Health Insurance Internal Service Fund, a total of $10,515,487 in claims and changes in estimates were incurred for benefits during the year ended June 30, 2018. Changes in the fund's claims liability amounts in the years ended June 30, 2018 and 2017, 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
2018	$ 1,325,054	$ 10,515,487	$ 10,899,021	$ 941,520
2017	1,141,804	10,409,343	10,226,093	1,325,054

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
2018	$ 601,224	$ 224,088	$ 170,597	$ 654,715
2017	488,585	240,197	127,558	601,224

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, 2018. At year-end, the County has contractual commitments on uncompleted contracts of approximately $5,353,091.

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, 2018, the County contributed $1,050,187 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, 2018. 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.

NOTE 14. RESTATEMENTS

The County has determined a restatement to beginning net position was required in the County's governmental activities, business-type activities, and the solid waste fund, for the implementation of GASB Statement No. 75, which requires retroactive reporting of opening balances. The effect of the restatement resulted in a change to beginning net position of the governmental activities, business-type activities, and solid waste fund, are as follows:

		Governmental Activities
Net Position, governmental activities, as previously reported	$	(16,314,900)
Restatement for implementation of GASB Statement No. 75:		
Total OPEB liability as of June 30, 2017		(96,503,866)
Removal of prior Net OPEB obligation reported June 30, 2017 - Governmental activities		39,157,224
Net Position, governmental activities, as restated	$	(73,661,542)

		Business-type Activities
Net Position, business-type activities, as previously reported	$	11,942,114
Restatement for implementation of GASB Statement No. 75:		
Removal of prior Net OPEB obligation reported June 30, 2017		2,641,245
Net Position, business-type activities, as restated	$	14,583,359

		Solid Waste Fund
Net Position, solid waste fund, as previously reported	$	6,257,875
Restatement for implementation of GASB Statement No. 75:		
Removal of prior Net OPEB obligation reported June 30, 2017		2,641,245
Net Position, solid waste fund, as restated	$	8,899,120

The Orange County ABC Board (the "Board") implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which requires retroactive reporting of opening balances. The effect of the restatement resulted in a change to beginning net position of the governmental activities is as follows:

		Orange County ABC Board
Net Position, solid waste fund, as previously reported	$	8,350,348
Restatement for implementation of GASB Statement No. 75		(992,939)
Net Position, solid waste fund, as restated	$	7,357,409

NOTE 15. SUBSEQUENT EVENTS

On July 12, 2018, the County issued General Obligation Bonds, Series 2018 with par values of $64,400,000. The proceeds of 2018 Series are to be used in funding various school construction projects and the issuance costs. Interest on the bonds are payable semiannually on February 1 and August 1, commencing February 1, 2019. The final maturity of the principal payments occurs in August 2038.

REQUIRED SUPPLEMENTARY INFORMATION

ORANGE COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB LIABILITY
AND RELATED RATIOS

	2018	2017
Total OPEB liability		
Service cost	$ 3,733,643	$ 4,183,701
Interest on total OPEB liability	3,398,954	3,039,332
Difference between expected and actual experience	574,520	-
Changes of assumptions and other inputs	(5,125,557)	(9,448,990)
Benefit payments	(3,137,462)	(3,300,768)
Net change in total OPEB liability	(555,902)	(5,526,725)
Total OPEB liability - beginning	96,763,788	102,290,513
Total OPEB liability - ending (a)	$ 96,207,886	$ 96,763,788
Plan fiduciary net position		
Contributions - employer	$ 3,137,462	$ 3,550,768
Net investment income	23,856	9,922
Benefit payments	(3,137,462)	(3,300,768)
Administrative expenses	-	-
Net change in plan fiduciary net position	23,856	259,922
Plan fiduciary net position - beginning	259,922	-
Plan fiduciary net position - ending (b)	$ 283,778	$ 259,922
County's net OPEB liability - ending (a) - (b)	$ 95,924,108	$ 96,503,866
Plan fiduciary net position as a percentage of the total OPEB liability	0.29%	0.27%
Covered-employee payroll	$ 45,902,461	$ 42,769,990
Net OPEB liability as a percentage of covered-employee payroll	209.0%	225.6%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

ORANGE COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF COUNTY CONTRIBUTIONS

	2018	2017	2016
Actuarially determined contribution	$ 7,192,181	$ 6,820,935	$ 5,374,915
Contributions in relation to the actuarially determined contribution	3,137,462	3,550,768	2,361,272
Contribution deficiency (excess)	$ 4,054,719	$ 3,270,167	$ 3,013,643
Covered employee payroll	$ 45,902,461	$ 45,902,461	$ 42,769,990
Contributions as a percentage of covered-employee payroll	6.84%	7.74%	5.52%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	June 30, 2016
Cost Method	Entry Age
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investments	5.00%, net of investment expenses, including inflation
Projected Salary Increases	3.50% to 7.75%, including 3.5% for inflation
Cost-of-living Adjustment	None
Amortization Method	Level Percentage of Payroll, Assuming 3.50% Payroll Growth
Remaining Amortization Period	27 years, closed
Health Care Cost Trends:	
Pre-Medicare	7.75% for 2016, decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016, decreasing to an ultimate rate of 5.00% by 2019

(2) The schedule will present 10 years of information once it is accumulated.

ORANGE COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF OPEB INVESTMENT RETURNS

	2018	2017
Annual money-weighted rate of return, net of investment expenses for the County's OPEB Plan	0.7%	4.0%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

ORANGE COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
JUNE 30, 2018

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2018	2017
Beginning balance of the total pension liability	$ 3,542,524	$ 3,494,747
Service Cost	134,129	135,380
Interest on the total pension liability	133,794	122,514
Difference between expected and actual experience	130,316	-
Changes of assumptions or other inputs	228,699	(84,160)
Benefit payments	(152,735)	(125,957)
Ending balance of the total pension liability	$ 4,016,727	$ 3,542,524

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 TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAST THREE FISCAL YEARS

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2018	2017	2016
Total pension liability	$ 4,016,727	$ 3,542,524	$ 3,494,747
County's covered-employee payroll	$ 5,086,750	$ 4,842,049	$ 4,190,815
Total pension liability as a percentage of covered-employee payroll	78.96%	73.16%	83.39%

Orange County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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
COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST FIVE FISCAL YEARS*

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.75814%	0.78464%	0.70825%	0.69420%	0.66320%
County's proportion of the net pension liability (asset) ($)	$ 11,582,279	$ 16,652,689	$ 3,178,584	$ (4,094,256)	$ 7,994,107
County's covered payroll	$ 44,203,050	$ 45,272,812	$ 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 payroll	26.20%	36.78%	7.35%	(9.86%)	20.12%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	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 FOUR FISCAL YEARS

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2018	2017	2016	2015
Contractually required contribution	$ 3,841,938	$ 3,525,190	$ 3,104,810	$ 3,041,550
Contributions in relation to the contractually required contribution	3,841,938	3,525,190	3,104,810	3,041,550
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 47,246,720	$ 44,203,050	$ 45,272,812	$ 43,233,224
Contributions as a percentage of covered payroll	8.13%	7.97%	6.86%	7.04%

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

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.

ORANGE COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST FIVE FISCAL YEARS

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	2018	2017	2016	2015	2014
County's proportion of the net pension asset (%)	1.12581%	1.15307%	1.09301%	1.05600%	1.11000%
County's proportion of the net pension liability (asset) ($)	$ (192,165)	$ (215,578)	$ (253,294)	$ (239,437)	$ (236,989)
County's covered payroll	83,374	78,416	76,112	74,594	72,016
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-230.49%	-274.92%	-332.79%	-320.99%	-329.08%
Plan fiduciary net position as a percentage of the total pension liability	153.77%	160.17%	197.29%	193.88%	194.35%

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 FOUR FISCAL YEARS

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	2018	2017	2016	2015
Contractually required contribution	$ 6,229	$ 6,103	$ 4,573	$ 8,746
Contributions in relation to the contractually required contribution	6,229	6,103	4,573	8,746
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 82,394	$ 83,374	$ 78,416	$ 76,112
Contributions as a percentage of covered payroll	7.56%	7.32%	5.83%	11.49%

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

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.

NONMAJOR GOVERNMENTAL FUNDS

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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

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.

Capital Project Funds

School Capital Reserve Fund – accounts for restricted capital reserves and the interest earned on the assets.

County Capital Reserve Fund – accounts for restricted capital reserves and the interest earned on the assets.

ORANGE COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				
ASSETS	**Local Fire Districts**	**Grant Supported**	**Grant Projects**	**Sheriff Forfeitures**	**Community Development**
Cash and cash equivalents	$ 1,369,020	$ 87,808	$ 655,802	$ 820,051	$ 764,057
Accounts receivable	-	25,000	152,248	-	1,039,760
Taxes receivable	272,808	-	-	-	-
Total assets	$ 1,641,828	$ 112,808	$ 808,050	$ 820,051	$ 1,803,817
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	$ 48,000	$ 796	$ 23,916	$ -	$ 15,189
Payroll withholdings	-	3,056	1,534	-	11,218
Total liabilities	48,000	3,852	25,450	-	26,407
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - ad valorem	181,084	-	-	-	-
Total deferred inflows of resources	181,084	-	-	-	-
FUND BALANCES					
Restricted:					
Stabilization by State Statute	91,724	-	-	-	-
Public safety	1,321,020	-	-	820,051	-
Human services	-	108,956	782,600	-	1,777,410
Community services	-	-	-	-	-
Capital projects	-	-	-	-	-
Committed:					
Human services	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	-	-
Human services	-	-	-	-	-
Community services	-	-	-	-	-
Total fund balances	1,412,744	108,956	782,600	820,051	1,777,410
Total liabilities, deferred inflows of resources, and fund balances	$ 1,641,828	$ 112,808	$ 808,050	$ 820,051	$ 1,803,817

Special Revenue Funds						
Section 8 Housing	Article 46 Sales Tax	Emergency Telephone System	Visitors Bureau	Spay/Neuter	Adoption Enhancement	Impact Fees
$ 181,749	$ 2,717,449	$ 779,443	$ 729,291	$ 64,930	$ 130,583	$ 1,712,515
1,602	1,076,975	49,613	146,998	-	-	-
-	-	-	-	-	-	-
$ 183,351	$ 3,794,424	$ 829,056	$ 876,289	$ 64,930	$ 130,583	$ 1,712,515
$ 9,634	$ 279,373	$ 160,361	$ 91,842	$ 924	$ 4,705	$ -
7,278	-	4,228	17,662	-	-	-
16,912	279,373	164,589	109,504	924	4,705	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,076,975	49,613	146,998	-	-	280,754
-	-	614,854	-	-	-	-
-	-	-	-	-	-	-
-	2,438,076	-	619,787	-	-	-
-	-	-	-	-	-	1,431,761
-	-	-	-	-	125,878	-
-	-	-	-	-	-	-
166,439	-	-	-	-	-	-
-	-	-	-	64,006	-	-
166,439	3,515,051	664,467	766,785	64,006	125,878	1,712,515
$ 183,351	$ 3,794,424	$ 829,056	$ 876,289	$ 64,930	$ 130,583	$ 1,712,515

ORANGE COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			Capital Project Funds		Total
ASSETS	**Recreation Subdivision**	**Heusner**	**Library Development**	**School Capital Reserve**	**County Capital Reserve**	**Total Nonmajor Governmental Funds**
Cash and cash equivalents	$ 544,285	$ 9,313	$ 104,737	$ 115,342	$ 33,054	$ 10,819,429
Accounts receivable	-	-	-	-	-	2,492,196
Taxes receivable	-	-	-	-	-	272,808
Total assets	$ 544,285	$ 9,313	$ 104,737	$ 115,342	$ 33,054	$ 13,584,433
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -	$ -	$ 634,740
Payroll withholdings	-	-	-	-	-	44,976
Total liabilities	-	-	-	-	-	679,716
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - ad valorem	-	-	-	-	-	181,084
Total deferred inflows of resources	-	-	-	-	-	181,084
FUND BALANCES						
Restricted:						
Stabilization by State Statute	-	-	-	-	-	1,646,064
Public safety	-	-	-	-	-	2,755,925
Human services	-	-	-	-	-	2,668,966
Community services	544,285	9,313	104,737	-	-	3,716,198
Capital projects	-	-	-	-	-	1,431,761
Committed:						
Human services	-	-	-	-	-	125,878
Assigned:						
Capital projects	-	-	-	115,342	33,054	148,396
Human services	-	-	-	-	-	166,439
Community services	-	-	-	-	-	64,006
Total fund balances	544,285	9,313	104,737	115,342	33,054	12,723,633
Total liabilities, deferred inflows of resources, and fund balances	$ 544,285	$ 9,313	$ 104,737	$ 115,342	$ 33,054	$ 13,584,433

ORANGE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	Local Fire Districts	Grant Supported	Grant Projects	Sheriff Forfeitures	Community Development
REVENUES					
Property taxes	$ 6,047,226	$ -	$ -	$ -	$ -
Sales tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental revenues	-	58,971	740,239	617,065	474,765
Charges for services	-	55,082	-	-	-
License and permits	-	-	-	-	-
Investment earnings	14,874	-	-	5,919	1,812
Miscellaneous	-	-	-	-	23,750
Total revenues	6,062,100	114,053	740,239	622,984	500,327
EXPENDITURES					
General government	-	-	-	-	-
Community services	-	-	-	-	-
Public safety	5,804,068	-	141,893	69,188	-
Education	-	-	-	-	-
Human services	-	153,972	616,468	-	1,081,965
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	5,804,068	153,972	758,361	69,188	1,081,965
Excess (deficiency) of revenues over expenditures	258,032	(39,919)	(18,122)	553,796	(581,638)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	45,676	10,000	-	574,957
Transfers out	-	-	(70,651)	-	-
Total other financing sources (uses)	-	45,676	(60,651)	-	574,957
Net change in fund balances	258,032	5,757	(78,773)	553,796	(6,681)
FUND BALANCES, beginning of year	1,154,712	103,199	861,373	266,255	1,784,091
FUND BALANCES, end of year	$ 1,412,744	$ 108,956	$ 782,600	$ 820,051	$ 1,777,410

Special Revenue Funds						
Section 8 Housing	Article 46 Sales Tax	Emergency Telephone System	Visitors Bureau	Spay/Neuter	Adoption Enhancement	Impact Fees
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	3,725,493	-	-	-	-	-
-	-	-	1,581,745	27,270	-	-
4,527,176	-	-	341,468	-	50,400	-
-	-	595,351	-	-	1,450	-
-	-	-	-	-	-	636
1,519	27,956	6,942	6,515	794	1,315	35,522
-	-	-	-	46,147	19,528	-
4,528,695	3,753,449	602,293	1,929,728	74,211	72,693	36,158
-	-	-	177,183	-	-	-
-	982,239	-	1,641,584	60,376	-	-
-	-	665,096	-	-	-	-
-	1,921,344	-	-	-	-	-
4,693,001	-	-	-	-	27,894	-
-	433,552	-	-	-	-	-
-	169,013	-	-	-	-	-
4,693,001	3,506,148	665,096	1,818,767	60,376	27,894	-
(164,306)	247,301	(62,803)	110,961	13,835	44,799	36,158
189,148	-	44,449	-	-	-	-
-	-	-	-	(12,600)	-	(3,353,000)
189,148	-	44,449	-	(12,600)	-	(3,353,000)
24,842	247,301	(18,354)	110,961	1,235	44,799	(3,316,842)
141,597	3,267,750	682,821	655,824	62,771	81,079	5,029,357
$ 166,439	$ 3,515,051	$ 664,467	$ 766,785	$ 64,006	$ 125,878	$ 1,712,515

ORANGE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			Capital Project Funds		Total
	Recreation Subdivision	Heusner	Library Development	School Capital Reserve	County Capital Reserve	Nonmajor Governmental Funds
REVENUES						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ 6,047,226
Sales tax	-	-	-	-	-	3,725,493
Other taxes	-	-	-	-	-	1,609,015
Intergovernmental revenues	-	-	-	-	-	6,810,084
Charges for services	-	-	-	-	-	651,883
License and permits	-	-	-	-	-	636
Investment earnings	5,416	-	107	1,153	330	110,174
Miscellaneous	7,562	93	-	-	-	97,080
Total revenues	12,978	93	107	1,153	330	19,051,591
EXPENDITURES						
General government	-	-	-	-	-	177,183
Community services	-	-	8,020	-	-	2,692,219
Public safety	-	-	-	-	-	6,680,245
Education	-	-	-	-	-	1,921,344
Human services	-	-	-	-	-	6,573,300
Debt service:						
Principal	-	-	-	-	-	433,552
Interest	-	-	-	-	-	169,013
Total expenditures	-	-	8,020	-	-	18,646,856
Excess (deficiency) of revenues over expenditures	12,978	93	(7,913)	1,153	330	404,735
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	864,230
Transfers out	-	-	-	-	-	(3,436,251)
Total other financing sources (uses)	-	-	-	-	-	(2,572,021)
Net change in fund balances	12,978	93	(7,913)	1,153	330	(2,167,286)
FUND BALANCES, beginning of year	531,307	9,220	112,650	114,189	32,724	14,890,919
FUND BALANCES, end of year	$ 544,285	$ 9,313	$ 104,737	$ 115,342	$ 33,054	$ 12,723,633

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Ad valorem taxes:				
Property taxes	$ 150,432,340	$ 150,432,340	$ 153,426,401	$ 2,994,061
Tax penalties and interest	600,000	600,000	602,521	2,521
Gross receipts tax	70,000	70,000	87,952	17,952
Total ad valorem taxes	151,102,340	151,102,340	154,116,874	3,014,534
Sales tax:				
Local option sales tax	25,141,784	25,141,784	25,678,026	536,242
Intergovernmental revenues:				
Animal tax	185,000	185,000	178,504	(6,496)
Beer and wine tax	270,428	270,428	237,505	(32,923)
Federal and State grants	14,313,787	16,492,230	15,887,826	(604,404)
Local grants	957,187	959,187	807,641	(151,546)
ABC Board law enforcement distribution	215,880	215,880	216,711	831
ABC Board profit distribution	-	-	-	-
Total intergovernmental revenues	15,942,282	18,122,725	17,328,187	(794,538)
Charges for services:				
Register of Deeds	1,778,900	1,778,900	1,835,388	56,488
Inspection fees	1,412,000	1,429,800	1,671,788	241,988
Health service fees	1,818,220	1,823,444	1,796,215	(27,229)
Aging fees	168,244	171,744	123,638	(48,106)
EMS fees	2,445,715	2,445,715	3,334,631	888,916
Sheriff and court charges	2,100,000	2,100,000	2,538,546	438,546
Other charges	936,033	979,151	1,022,530	43,379
Total charges for services	10,659,112	10,728,754	12,322,736	1,593,982
Investment earnings	265,000	265,000	800,469	535,469
Licenses, permits and fees:				
Privilege licenses	13,000	13,000	13,761	761
Franchise fees	315,000	315,000	290,225	(24,775)
Total licenses, permits and fees	328,000	328,000	303,986	(24,014)
Miscellaneous revenues:				
Donations	286,314	410,173	448,636	38,463
Rent	301,664	301,664	316,303	14,639
Other	1,186,487	1,667,017	1,664,087	(2,930)
Total miscellaneous revenues	1,774,465	2,378,854	2,429,026	50,172
Total revenues	205,212,983	208,067,457	212,979,304	4,911,847

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures				
Current:				
Community Services:				
Animal services	2,095,292	2,120,616	2,068,260	52,356
Cooperative extension	384,780	385,530	347,545	37,985
Department of environment, agriculture, parks & recreation	4,068,800	4,322,197	4,086,580	235,617
Economic development	578,725	607,475	553,092	54,383
Orange public transportation	1,492,545	1,423,494	1,403,708	19,786
Planning and inspections	3,134,861	3,186,672	3,016,263	170,409
Recreation municipal	125,108	125,108	125,108	-
Non-departmental	456,218	521,902	366,932	154,970
Total	12,336,329	12,692,994	11,967,488	725,506
General Government:				
Board of county commissioners	898,708	929,230	872,802	56,428
Board of elections	830,014	838,969	670,818	168,151
County attorney's office	605,669	624,104	603,458	20,646
County manager's office	2,821,481	2,855,040	2,373,786	481,254
Register of deeds	985,215	1,036,526	1,057,218	(20,692)
Tax administration	3,693,504	3,847,176	3,563,163	284,013
Non-departmental	102,500	103,391	374,035	(270,644)
Total	9,937,091	10,234,436	9,515,280	719,156
Public Safety:				
Courts	70,000	70,000	40,687	29,313
Emergency services	10,975,924	11,204,613	10,380,449	824,164
Sheriff	13,638,496	14,246,570	13,254,659	991,911
Criminal justice	3,311	29,756	5,207	24,549
Non-departmental	418,047	418,047	384,969	33,078
Total	25,105,778	25,968,986	24,065,971	1,903,015
Human Services:				
Child support services	1,062,393	1,106,062	1,060,507	45,555
Department of social services	18,483,833	19,382,712	18,147,094	1,235,618
Department of aging	2,123,029	2,404,080	2,145,330	258,750
Health department	9,881,975	10,334,947	9,687,828	647,119
Housing, human rights, and community development	386,298	319,917	230,962	88,955
Library services	2,243,717	2,344,305	2,357,067	(12,762)
Library municipal	649,741	679,741	674,320	5,421
OPC area program	1,050,187	1,050,187	1,050,187	-
Non-departmental	1,338,424	1,178,786	1,096,088	82,698
Total	37,219,597	38,800,737	36,449,383	2,351,354

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Education:				
Current expenditures	80,745,847	80,745,847	80,745,847	-
Fair funding	5,454,000	5,454,000	5,513,049	(59,049)
Durham Tech (Orange campus)	716,751	716,751	716,751	-
Recurring capital	3,000,000	3,000,000	3,000,000	-
Total	89,916,598	89,916,598	89,975,647	(59,049)
Support Services:				
Asset management services	4,541,095	4,796,818	4,368,984	427,834
Community relations	291,874	304,984	276,176	28,808
Finance and administrative services	1,405,885	1,437,745	1,430,339	7,406
Human resources	935,443	961,565	941,244	20,321
Information technologies	3,328,135	3,401,476	3,125,166	276,310
Non-departmental	3,598,765	2,710,471	2,832,433	(121,962)
Total	14,101,197	13,613,059	12,974,342	638,717
Debt Service:				
Principal	20,553,939	20,865,377	20,730,642	134,735
Interest	6,205,597	6,345,084	6,340,310	4,774
Total	26,759,536	27,210,461	27,070,952	139,509
Total expenditures	215,376,126	218,437,271	212,019,063	6,418,208
Excess (deficiency) of revenues over expenditures	(10,163,143)	(10,369,814)	960,241	11,330,055
Other financing sources (uses)				
Installment notes issued	-	127,555	25,673,401	25,545,846
Cost of issuance	-	-	(393,523)	(393,523)
Premium on installment notes	-	-	4,982,645	4,982,645
Proceeds from sale of capital assets	25,000	25,000	190,910	165,910
Transfers in	3,765,600	3,836,251	3,564,097	(272,154)
Transfers out	(3,396,517)	(4,923,059)	(4,281,784)	641,275
Payment to refunded bond escrow agent	-	-	(30,091,068)	(30,091,068)
Total other financing sources (uses)	394,083	(934,253)	(355,322)	578,931
Revenues and other financing sources over expenditures and other financing uses	(9,769,060)	(11,304,067)	604,919	11,908,986
Appropriated fund balance	9,769,060	11,304,067	-	(11,304,067)
Net change in fund balances	-	-	604,919	604,919
Fund balance, beginning of year	62,726,966	62,726,966	62,726,966	-
Fund balance, end of year	$ 52,957,906	$ 51,422,899		$ 604,919
Reconciliation to GAAP statements:				
Change in fund balance in Community Loan Fund			203,374	
			$ 63,535,259	

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 5,724,102	$ 5,724,102	$ 6,047,226	$ 323,124
Investment earnings	1,966	1,966	14,874	12,908
Total revenues	5,726,068	5,726,068	6,062,100	336,032
EXPENDITURES				
Public safety	5,726,068	5,804,068	5,804,068	-
Excess (deficiency) of revenues over expenditures	-	(78,000)	258,032	336,032
Appropriated fund balance	-	78,000	-	(78,000)
Net change in fund balances	-	-	258,032	258,032
FUND BALANCE, beginning of year	1,154,712	1,154,712	1,154,712	-
FUND BALANCE, end of year	$ 1,154,712	$ 1,076,712	$ 1,412,744	$ 258,032

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Restricted intergovernmental	$ 40,000	$ 57,750	$ 58,971	$ 1,221
Charges for services	50,000	54,085	55,082	997
Total revenues	90,000	111,835	114,053	2,218
EXPENDITURES				
Human services	373,527	160,242	153,972	6,270
Deficiency of revenues over expenditures	(283,527)	(48,407)	(39,919)	8,488
OTHER FINANCING SOURCES				
Appropriated fund balance	-	2,731	-	(2,731)
Transfers in	45,676	45,676	45,676	-
Total other financing sources	45,676	48,407	45,676	(2,731)
Net change in fund balances	(237,851)	-	5,757	5,757
FUND BALANCE, beginning of year	103,199	103,199	103,199	-
FUND BALANCE, end of year	$ (134,652)	$ 103,199	$ 108,956	$ 5,757

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, 2018

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
REVENUES				
Intergovernmental revenues	$ 14,980,558	$ 11,404,833	$ 740,239	$ 12,145,072
Charges for services	70,712	-	-	-
Miscellaneous	60,155	-	-	-
Total revenues	15,111,425	11,404,833	740,239	12,145,072
EXPENDITURES				
Support services	96,000	-	-	-
Community services	1,694,549	805,430	-	805,430
Public safety	7,153,717	4,877,659	141,893	5,019,552
Human services	7,381,829	6,070,901	616,468	6,687,369
Total expenditures	16,326,095	11,753,990	758,361	12,512,351
Deficiency of revenues over expenditures	(1,214,670)	(349,157)	(18,122)	(367,279)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,340,165	1,235,447	10,000	1,245,447
Transfers out	(125,495)	(24,917)	(70,651)	(95,568)
Total other financing sources (uses)	1,214,670	1,210,530	(60,651)	1,149,879
Net change in fund balance	$ -	$ 861,373	(78,773)	$ 782,600
FUND BALANCE, beginning of year			861,373	
FUND BALANCE, end of year			$ 782,600	

ORANGE COUNTY, NORTH CAROLINA
SHERIFF FORFEITURES

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental revenues	$ 872,305	$ 872,305	$ 617,065	$ (255,240)
Investment earnings	2,879	2,879	5,919	3,040
Total revenues	875,184	875,184	622,984	(252,200)
EXPENDITURES				
Public safety	888,233	888,233	69,188	819,045
Total expenditures	888,233	888,233	69,188	819,045
Excess (deficiency) of revenues over expenditures	(13,049)	(13,049)	553,796	566,845
OTHER FINANCING SOURCES				
Proceeds from sale of assets	13,049	13,049	-	(13,049)
Total other financing sources	13,049	13,049	-	(13,049)
Net change in fund balances	-	-	553,796	553,796
FUND BALANCE, beginning of year	266,255	266,255	266,255	-
FUND BALANCE, end of year	$ 266,255	$ 266,255	$ 820,051	$ 553,796

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, 2018

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total
REVENUES				
Intergovernmental revenues	$ 18,280,022	$ 15,410,033	$ 474,765	$ 15,884,798
Charges for services	-	1,329,285	-	1,329,285
Investment earnings	1,000	8,409	1,812	10,221
Miscellaneous	21,080	666,805	23,750	690,555
Total revenues	18,302,102	17,414,532	500,327	17,914,859
EXPENDITURES				
Human services	23,618,058	20,449,324	1,081,965	21,531,289
Total expenditures	23,618,058	20,449,324	1,081,965	21,531,289
Deficiency of revenues over expenditures	(5,315,956)	(3,034,792)	(581,638)	(3,616,430)
OTHER FINANCING SOURCES (USES)				
Transfers in	7,390,072	5,605,974	574,957	6,180,931
Transfers out	(2,074,116)	(787,091)	-	(787,091)
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	5,315,956	4,818,883	574,957	5,393,840
Net change in fund balance	$ -	$ 1,784,091	(6,681)	$ 1,777,410
FUND BALANCE, beginning of year			1,784,091	
FUND BALANCE, end of year			$ 1,777,410	

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, 2018

	Budget Original	Budget Final	Actual	Variance With Final Budget
REVENUES				
Intergovernmental revenues	$ 4,210,664	$ 4,491,265	$ 4,527,176	$ 35,911
Investment earnings	500	500	1,519	1,019
Total revenues	4,211,164	4,491,765	4,528,695	36,930
EXPENDITURES				
Human services	4,473,230	4,871,413	4,693,001	178,412
Total expenditures	4,473,230	4,871,413	4,693,001	178,412
Excess (deficiency) of revenues over expenditures	(262,066)	(379,648)	(164,306)	215,342
OTHER FINANCING SOURCES (USES)				
Transfers in	262,066	361,148	189,148	(172,000)
Appropriated fund balance	-	18,500	-	(18,500)
Total other financing sources (uses)	262,066	379,648	189,148	(190,500)
Net change in fund balances	-	-	24,842	24,842
FUND BALANCE, beginning of year	141,597	141,597	141,597	-
FUND BALANCE, end of year	$ 141,597	$ 141,597	$ 166,439	$ 24,842

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, 2018

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
REVENUES				
Sales tax	$ 18,636,386	$ 16,221,145	$ 3,725,493	$ 19,946,638
Investment earnings	-	19,439	27,956	47,395
Miscellaneous	-	319,120	-	319,120
Total revenues	18,636,386	16,559,704	3,753,449	20,313,153
EXPENDITURES				
Education	11,404,594	7,196,874	1,921,344	9,118,218
Community services	3,256,102	3,502,376	982,239	4,484,615
Debt service:				
Principal	3,975,690	2,284,206	433,552	2,717,758
Interest	-	308,498	169,013	477,511
Total expenditures	18,636,386	13,291,954	3,506,148	16,798,102
Net change in fund balances	$ -	$ 3,267,750	247,301	$ 3,515,051
FUND BALANCE, beginning of year			3,267,750	
FUND BALANCE, end of year			$ 3,515,051	

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 595,350	$ 595,350	$ 595,351	$ 1
Investment earnings	-	-	6,942	6,942
Total revenues	595,350	595,350	602,293	6,943
EXPENDITURES				
Public safety	753,460	816,988	665,096	151,892
Total expenditures	753,460	816,988	665,096	151,892
Excess (deficiency) of revenues over expenditures	(158,110)	(221,638)	(62,803)	158,835
OTHER FINANCING SOURCES (USES)				
Transfers in	-	44,449	44,449	-
Appropriated fund balance	158,110	177,189	-	(177,189)
Total other financing sources (uses)	158,110	221,638	44,449	(177,189)
Net change in fund balances	-	-	(18,354)	(18,354)
FUND BALANCE, beginning of year	682,821	682,821	682,821	-
FUND BALANCE, end of year	$ 524,711	$ 505,632	$ 664,467	$ (18,354)

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Occupancy taxes	$ 1,278,341	$ 1,278,341	$ 1,581,745	$ 303,404
Intergovernmental revenues	230,830	334,402	341,468	7,066
Investment earnings	100	100	6,515	6,415
Total revenues	1,509,271	1,612,843	1,929,728	316,885
EXPENDITURES				
General government	168,856	179,673	177,183	2,490
Community services	1,459,003	1,756,758	1,641,584	115,174
Total expenditures	1,627,859	1,936,431	1,818,767	117,664
Excess (deficiency) of revenues over expenditures	(118,588)	(323,588)	110,961	434,549
OTHER FINANCING SOURCES				
Appropriated fund balance	118,588	323,588	-	(323,588)
Total other financing sources	118,588	323,588	-	(323,588)
Net change in fund balances	-	-	110,961	110,961
FUND BALANCE, beginning of year	655,824	655,824	655,824	-
FUND BALANCE, end of year	$ 537,236	$ 332,236	$ 766,785	$ 434,549

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Other tax	$ 27,000	$ 27,000	$ 27,270	$ 270
Investment earnings	100	100	794	694
Miscellaneous	19,500	41,340	46,147	4,807
Total revenues	46,600	68,440	74,211	5,771
EXPENDITURES				
Community services	48,250	72,430	60,376	12,054
Total expenditures	48,250	72,430	60,376	12,054
Excess (deficiency) of revenues over expenditures	(1,650)	(3,990)	13,835	17,825
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	14,250	16,590	-	(16,590)
Transfers out	(12,600)	(12,600)	(12,600)	-
Total other financing sources (uses)	1,650	3,990	(12,600)	(16,590)
Net change in fund balances	-	-	1,235	1,235
FUND BALANCE, beginning of year	62,771	62,771	62,771	-
FUND BALANCE, end of year	$ 62,771	$ 62,771	$ 64,006	$ 1,235

ORANGE COUNTY, NORTH CAROLINA
ADOPTION ENHANCEMENT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2018

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
REVENUES				
Charges for services	$ -	$ 21,894	$ 1,450	$ 23,344
Intergovernmental	121,665	189,765	50,400	240,165
Investment earnings	-	17,586	1,315	18,901
Miscellaneous	416,542	406,613	19,528	426,141
Total revenues	538,207	635,858	72,693	708,551
EXPENDITURES				
Human services	698,338	631,724	27,894	659,618
Excess (deficiency) of revenues over expenditures	(160,131)	4,134	44,799	48,933
OTHER FINANCING SOURCES				
Transfers in	160,131	76,945	-	76,945
Total other financing sources	160,131	76,945	-	76,945
Net change in fund balance	$ -	$ 81,079	44,799	$ 125,878
FUND BALANCE, beginning of year			81,079	
FUND BALANCE, end of year			$ 125,878	

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Licenses and permits	$ 3,353,000	$ 3,353,000	$ 636	$ (3,352,364)
Investment earnings	-	-	35,522	35,522
Total revenues	3,353,000	3,353,000	36,158	(3,316,842)
OTHER FINANCING USES				
Transfers out	(3,353,000)	(3,353,000)	(3,353,000)	-
Total other financing uses	(3,353,000)	(3,353,000)	(3,353,000)	-
Net change in fund balances	-	-	(3,316,842)	(3,316,842)
FUND BALANCE, beginning of year	5,029,357	5,029,357	5,029,357	-
FUND BALANCE, end of year	$ 5,029,357	$ 5,029,357	$ 1,712,515	$ (3,316,842)

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, 2018

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
REVENUES				
Federal grants	$ 14,360,707	$ 8,940,039	$ 1,433,121	$ 10,373,160
State grants	10,125,814	5,890,889	46,672	5,937,561
Investment earnings	2,624,400	3,537,335	241,616	3,778,951
Miscellaneous	2,285,704	3,914,809	140,551	4,055,360
Total revenues	29,396,625	22,283,072	1,861,960	24,145,032
EXPENDITURES				
Capital outlay	190,843,928	127,973,075	12,375,007	140,348,082
Debt service:				
Interest and fees	-	1,277,448	470,254	1,747,702
Total expenditures	190,843,928	129,250,523	12,845,261	142,095,784
Deficiency of revenues over expenditures	(161,447,303)	(106,967,451)	(10,983,301)	(117,950,752)
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	34,036,020	132,448,500	2,500,000	134,948,500
Premiums on financing arrangements	2,000,000	21,728,756	747,310	22,476,066
Installment loan issuance	124,744,254	100,138,426	5,927,374	102,638,426
Capital lease issuance	-	2,540,999	-	2,540,999
Payment to escrow agent	(21,500,000)	(144,673,482)	-	(144,673,482)
Transfers in	24,711,460	22,018,150	2,442,685	24,460,835
Transfers out	(3,891,368)	(3,496,764)	(658,116)	(4,154,880)
Appropriated fund balance	1,346,937	-	-	-
Total other financing sources (uses)	161,447,303	130,704,585	10,959,253	138,236,464
Net change in fund balance	$ -	$ 23,737,134	(24,048)	$ 20,285,712
FUND BALANCE, beginning of year			23,737,134	
FUND BALANCE, end of year			$ 23,713,086	

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, 2018

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
REVENUES				
Investment earnings	$ 60,000	$ 656,126	$ 240,474	$ 896,600
Sales tax	180,000	482,334	-	482,334
Lottery proceeds	2,892,139	2,959,057	-	2,959,057
Miscellaneous	-	33,759	-	33,759
Total revenues	3,132,139	4,131,276	240,474	4,371,750
EXPENDITURES				
Orange County Schools	45,131,293	23,703,917	2,919,937	26,623,854
Chapel Hill-Carrboro City Schools	138,201,582	63,068,511	4,083,021	67,151,532
Other	-	43,215	-	43,215
Total expenditures	183,332,875	86,815,643	7,002,958	93,818,601
Deficiency of revenues over expenditures	(180,200,736)	(82,684,367)	(6,762,484)	(89,446,851)
OTHER FINANCING SOURCES				
Bond issuance	103,391,210	14,170,873	26,900,000	41,070,873
Premiums on financing arrangments	-	-	2,122,685	2,122,685
Installment loan issuance	33,028,426	41,954,714	937,485	68,854,714
Transfers in	43,733,355	30,889,588	1,357,688	32,247,276
Transfers out	-	-	(2,122,685)	(2,122,685)
Appropriated fund balance	47,745	-	-	-
Total other financing sources	180,200,736	87,015,175	29,195,173	142,172,863
Net change in fund balance	$ -	$ 4,330,808	22,432,689	$ 52,726,012
FUND BALANCE, beginning of year			4,330,808	
FUND BALANCE, end of year			$ 26,763,497	

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Landfill fees	$ 392,800	$ 392,800	$ 531,958	$ 139,158
Sanitation fees	1,282,322	1,282,322	87,252	(1,195,070)
Recycling	6,708,170	6,708,170	9,049,201	2,341,031
State grants	8,000	8,000	211,778	203,778
Other operating	130,000	130,000	152,720	22,720
Investment earnings	40,000	40,000	136,152	96,152
Total revenues	8,561,292	8,561,292	10,169,061	1,607,769
EXPENDITURES				
Administration	2,216,797	2,302,407	1,937,879	364,528
Landfill	1,099,350	1,498,271	3,339,831	(1,841,560)
Recycling	4,219,689	4,514,577	3,645,698	868,879
Sanitation	2,873,800	5,195,048	2,337,050	2,857,998
Debt service	765,863	765,863	699,828	66,035
Total expenditures	11,175,499	14,276,166	11,960,286	2,315,880
Deficiency of revenues over expenditures	(2,614,207)	(5,714,874)	(1,791,225)	3,923,649
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	1,487,393	1,487,393
Proceeds from premium	-	-	246,911	246,911
Escrow payment to refunding agent	-	-	(1,460,907)	(1,460,907)
Transfers in	584,837	584,837	1,426,972	842,135
Proceeds from sale of capital assets	145,050	145,050	-	(145,050)
Appropriated fund balance	1,884,320	4,984,987	-	(4,984,987)
Total other financing sources (uses)	2,614,207	5,714,874	1,700,369	(4,014,505)
Net change in net position	$ -	$ -	(90,856)	$ (90,856)
Adjustments to full accrual:				
Capital outlays			2,867,260	
Payments of debt service - principal			496,981	
Payments to refunding agent			1,460,907	
Decrease in estimated post-closure costs			162,614	
Issuance of installment notes			(1,487,393)	
Issuance of premium on notes			(246,911)	
Increase in compensated absences			(28,070)	
Decrease in net pension liability			5,697	
Change in accrued interest			4,560	
Depreciation expense			(1,115,177)	
Change in net position - GAAP Basis			$ 2,029,612	

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 3,402,574	$ 3,402,574	$ 3,441,033	$ 38,459
Total revenues	3,402,574	3,402,574	3,441,033	38,459
EXPENDITURES				
Operations	1,072,196	5,080,362	2,947,299	2,133,063
Capital outlay	1,774,038	1,774,038	1,774,038	-
Debt service	724,349	724,349	728,459	(4,110)
Total expenditures	3,570,583	7,578,749	5,449,796	2,128,953
Deficiency of revenues over expenditures	(168,009)	(4,176,175)	(2,008,763)	2,167,412
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	-	4,008,166	-	(4,008,166)
Debt proceeds	-	-	416,850	416,850
Payment to refunding agent	-	-	(494,824)	(494,824)
Transfers in	168,009	168,009	168,009	-
Total other financing sources (uses)	168,009	4,176,175	90,035	(4,086,140)
Net change in fund balance	$ -	$ -	(1,918,728)	$ (1,918,728)
Adjustments to full accrual:				
Capital outlays			1,774,038	
Issuance of installment notes			(416,850)	
Refunding payments on principal			494,824	
Payments of debt service - principal			472,068	
Change in accrued interest			4,560	
Deprecation expense			(408,953)	
Change in net position - GAAP Basis			$ 959	

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 227,805	$ 227,805	$ 208,515	$ (19,290)
Investment earnings	-	-	2,764	2,764
Intergovernmental	(412,829)	(412,829)	-	412,829
Miscellaneous	422,998	422,998	-	(422,998)
Total revenues	237,974	237,974	211,279	(26,695)
EXPENDITURES				
Operations	362,346	312,346	276,863	35,483
Repairs and maintenance	21,880	87,840	79,053	8,787
Capital outlays	24,921	24,921	-	24,921
Total expenditures	409,147	425,107	355,916	69,191
Excess (deficiency) of revenues over expenditures	(171,173)	(187,133)	(144,637)	42,496
OTHER FINANCING SOURCES				
Transfers in	146,714	146,714	144,885	(1,829)
Total other financing sources	146,714	146,714	144,885	(1,829)
Net change in fund balance	$ (24,459)	$ (40,419)	248	$ 40,667
Adjustments to full accrual:				
Deprecation expense			(87,133)	
Change in net position - GAAP Basis			$ (86,885)	

ORANGE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Dental and Health Insurance Fund	Vehicle Replacement Fund	Totals
ASSETS			
Cash and cash equivalents	$ 2,769,276	$ -	$ 2,769,276
Accounts receivable	244,614	-	244,614
Total assets	3,013,890	-	3,013,890
LIABILITIES			
Claims payable	941,520	-	941,520
Total liabilities	941,520	-	941,520
NET POSITION			
Unrestricted	2,072,370	-	2,072,370
Total net position	$ 2,072,370	$ -	$ 2,072,370

ORANGE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Dental and Health Insurance Fund	Vehicle Replacement Fund	Totals
OPERATING REVENUES			
Other operating revenues	$ 250,553	$ -	$ 250,553
Employee contributions	11,060,508	-	11,060,508
Total operating revenues	11,311,061	-	11,311,061
OPERATING EXPENSES			
Administrative and general	1,676,818	711,992	2,388,810
Claims and payments to third party administrators	8,547,525	-	8,547,525
Total operating expenses	10,224,343	711,992	10,936,335
Operating income	1,086,718	(711,992)	374,726
NON-OPERATING REVENUES (EXPENSES)			
Net value of capital assets and loans transferred to governmental activities	-	937,699	937,699
Investment earnings	15,330	2,196	17,526
Total non-operating revenue (expenses)	15,330	939,895	955,225
Income (loss) before transfers	1,102,048	227,903	1,329,951
Transfers in	-	530,270	530,270
Change in net position	1,102,048	758,173	1,860,221
Net position, beginning of year	970,322	(758,173)	212,149
Net position, end of year	$ 2,072,370	$ -	$ 2,072,370

ORANGE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Dental and Health Insurance Fund	Vehicle Replacement Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 11,202,795	$ 179,526	$ 11,382,321
Payments to suppliers	(10,607,877)	(711,992)	(11,319,869)
Net cash provided by (used in) operating activities	594,918	(532,466)	62,452
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	15,330	2,196	17,526
Net cash provided by investing activities	15,330	2,196	17,526
CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES			
Transfers in	-	530,270	530,270
Net cash provided by noncapital related financing activities	-	530,270	530,270
Net increase in cash and cash equivalents	610,248	-	610,248
Cash and cash equivalents, beginning of year	2,159,028	-	2,159,028
Cash and cash equivalents, end of year	$ 2,769,276	$ -	$ 2,769,276
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating loss	$ 1,086,718	$ (711,992)	$ 374,726
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(108,266)	179,526	71,260
Decrease in claims payable	(383,534)	-	(383,534)
Net cash provided by (used in) operating activities	$ 594,918	$ (532,466)	$ 62,452

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 10,536,309	$ 10,536,309	$ 11,060,508	$ 524,199
Investment earnings	-	-	15,330	15,330
Miscellaneous	-	-	250,553	250,553
Total revenues	10,536,309	10,536,309	11,326,391	790,082
EXPENDITURES				
Operations	10,584,076	10,584,076	10,607,877	(23,801)
Total expenditures	10,584,076	10,584,076	10,607,877	(23,801)
Deficiency of revenues over expenditures	(47,767)	(47,767)	718,514	766,281
OTHER FINANCING SOURCES				
Appropriated fund balance	47,767	47,767	-	(47,767)
Total other financing sources	47,767	47,767	-	(47,767)
Net change in fund balance	$ -	$ -	718,514	$ 718,514
Adjustments to full accrual:				
Increase in claims payable			383,534	
Change in net position - GAAP Basis			$ 1,102,048	

ORANGE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2018

ASSETS	School District	Jail Inmate	Cooperative Extension 4-H	American Stone No Fault Well Repair	Communication Tower Trust
Cash	$ 128,539	$ 10,948	$ 83,964	$ 159,885	$ 4,223
Other receivables	120,665	-	-	-	-
Taxes receivable	336,943	-	-	-	-
Total assets	$ 586,147	$ 10,948	$ 83,964	$ 159,885	$ 4,223
LIABILITIES					
Due to others	$ 249,204	$ 10,948	$ 83,964	$ 159,885	$ 4,223
Uncollected taxes	336,943	-	-	-	-
Total liabilities	$ 586,147	$ 10,948	$ 83,964	$ 159,885	$ 4,223

DSS Trust		Mental Health Insurance		Orange County Giving		Crop Loan		Total	
$	116,874	$	419,161	$	167,069	$	12,500	$	1,103,163
	-		-		-		-		120,665
	-		-		-		-		336,943
$	116,874	$	419,161	$	167,069	$	12,500	$	1,560,771
$	116,874	$	419,161	$	167,069	$	12,500	$	1,223,828
	-		-		-		-		336,943
$	116,874	$	419,161	$	167,069	$	12,500	$	1,560,771

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
School District Fund				
ASSETS				
Cash	$ 130,534	$ 23,669,196	$ (23,671,191)	$ 128,539
Other receivables	122,936	1,311,675	(1,313,946)	120,665
Taxes receivable	315,448	22,280,629	(22,259,134)	336,943
Total assets	$ 568,918	$ 47,261,500	$ (47,244,271)	$ 586,147
LIABILITIES				
Due to others	$ 253,470	$ 24,980,871	$ (24,985,137)	$ 249,204
Uncollected taxes	315,448	22,280,629	(22,259,134)	336,943
Total liabilities	$ 568,918	$ 47,261,500	$ (47,244,271)	$ 586,147
Jail Inmate Fund				
ASSETS				
Cash	$ 49,356	$ 333,620	$ (372,028)	$ 10,948
Total assets	$ 49,356	$ 333,620	$ (372,028)	$ 10,948
LIABILITIES				
Due to others	$ 49,356	$ 333,620	$ (372,028)	$ 10,948
Total liabilities	$ 49,356	$ 333,620	$ (372,028)	$ 10,948
Cooperative Extension 4-H Fund				
ASSETS				
Cash	$ 79,924	$ 25,964	$ (21,924)	$ 83,964
Total assets	$ 79,924	$ 25,964	$ (21,924)	$ 83,964
LIABILITIES				
Due to others	$ 79,924	$ 25,964	$ (21,924)	$ 83,964
Total liabilities	$ 79,924	$ 25,964	$ (21,924)	$ 83,964

(Continued)

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
American Stone No Fault Well Repair				
ASSETS				
Cash	$ 141,841	$ 31,524	$ (13,480)	$ 159,885
Total assets	$ 141,841	$ 31,524	$ (13,480)	$ 159,885
LIABILITIES				
Due to others	$ 141,841	$ 31,524	$ (13,480)	$ 159,885
Total liabilities	$ 141,841	$ 31,524	$ (13,480)	$ 159,885
Communication Tower Trust Fund				
ASSETS				
Cash	$ 1,723	$ 18,000	$ (15,500)	$ 4,223
Total assets	$ 1,723	$ 18,000	$ (15,500)	$ 4,223
LIABILITIES				
Due to others	$ 1,723	$ 18,000	$ (15,500)	$ 4,223
Total liabilities	$ 1,723	$ 18,000	$ (15,500)	$ 4,223
DSS Trust Fund				
ASSETS				
Cash	$ 114,412	$ 639,584	$ (637,122)	$ 116,874
Total assets	$ 114,412	$ 639,584	$ (637,122)	$ 116,874
LIABILITIES				
Due to others	$ 114,412	$ 639,584	$ (637,122)	$ 116,874
Total liabilities	$ 114,412	$ 639,584	$ (637,122)	$ 116,874

(Continued)

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Mental Health Insurance Fund				
ASSETS				
Cash	$ 418,337	$ 4,200	$ (3,376)	$ 419,161
Total assets	$ 418,337	$ 4,200	$ (3,376)	$ 419,161
LIABILITIES				
Due to others	$ 418,337	$ 4,200	$ (3,376)	$ 419,161
Total liabilities	$ 418,337	$ 4,200	$ (3,376)	$ 419,161
Orange County Community Giving Fund				
ASSETS				
Cash	$ 128,689	$ 38,872	$ (492)	$ 167,069
Total assets	$ 128,689	$ 38,872	$ (492)	$ 167,069
LIABILITIES				
Due to others	$ 128,689	$ 38,872	$ (492)	$ 167,069
Total liabilities	$ 128,689	$ 38,872	$ (492)	$ 167,069
Crop Loan Fund				
ASSETS				
Cash	$ -	$ 25,000	$ (12,500)	$ 12,500
Total assets	$ -	$ 25,000	$ (12,500)	$ 12,500
LIABILITIES				
Due to others	$ -	$ 25,000	$ (12,500)	$ 12,500
Total liabilities	$ -	$ 25,000	$ (12,500)	$ 12,500
Total Agency Funds				
ASSETS				
Cash and cash equivalents	$ 1,064,816	$ 24,785,960	$ (24,747,613)	$ 1,103,163
Other receivables	122,936	1,311,675	(1,313,946)	120,665
Taxes receivable	315,448	22,280,629	(22,259,134)	336,943
Total assets	$ 1,503,200	$ 48,378,264	$ (48,320,693)	$ 1,560,771
LIABILITIES				
Due to others	$ 1,187,752	$ 26,097,635	$ (26,061,559)	$ 1,223,828
Uncollected taxes	315,448	22,280,629	(22,259,134)	336,943
Total liabilities	$ 1,503,200	$ 48,378,264	$ (48,320,693)	$ 1,560,771

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	$ -	$ 153,783,722	$ 152,424,863	$ 1,358,859
2016-2017	1,208,195		640,295	567,900
2015-2016	547,729	-	211,126	336,603
2014-2015	358,861	-	115,090	243,771
2013-2014	304,484	-	70,171	234,313
2012-2013	278,848	-	46,084	232,764
All- prior	1,293,741	-	96,930	1,196,811
	$ 3,991,858	$ 153,783,722	$ 153,604,559	4,171,021
Less: allowance for uncollectible accounts - General Fund				(2,058,755)
Ad valorem taxes receivable - net				$ 2,112,266

Reconciliation to revenues:

Ad valorem taxes - General Fund	$ 153,426,401
Reconciling items:	
Less 60 day collections	(267,120)
Interest and penalties	602,521
Miscellaneous adjustments	(157,243)
Total collections and credits	$ 153,604,559

ORANGE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2018

	County - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	$ 18,340,511,217	0.084	$ 153,693,484	$ 143,698,851	$ 9,994,633
Motor vehicle taxed at prior year rate	-	0.084	-	-	-
Penalties	-		79,566	79,566	-
Lien advertisement	-		10,672	10,672	-
Total	18,340,511,217		153,783,722	143,789,089	9,994,633
Adjustments	(14,764,081)	0.084	(123,723)	(123,723)	-
Total property valuation	$ 18,325,747,136				
Net levy			153,659,999	143,665,366	9,994,633
Uncollected taxes at June 30, 2018			(1,358,859)	(1,358,859)	-
Current year's taxes collected			$ 152,301,140	$ 142,306,507	$ 9,994,633
Current levy collection percentage			99.12%	99.05%	100.00%

STATISTICAL SECTION

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.

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

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

	For Year Ended June 30									
	2018	**2017**	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	$30,229,146	$29,924,257	$23,190,053	$ 42,946,587	$ 21,308,363	$ 19,154,413	$ 35,398,235	$ 33,142,313	$ 31,659,037	$ 15,390,929
Restricted for:										
Stabilization by State statute	14,222,179	12,264,244	13,686,337	12,845,946	15,617,944	14,036,419	11,153,113	8,727,555	-	-
Restricted, all other	37,517,431	17,264,973	23,225,509	4,493,650	4,287,300	12,551,518	27,503,219	1,250,092	-	-
Unrestricted	(155,693,774)	(133,115,016)	(79,853,142)	(94,888,828)	(91,105,688)	(101,233,902)	(131,483,110)	(110,118,490)	(113,765,405)	(116,043,276)
Total governmental activities net position	$ (73,725,018)	$ (73,661,542)	$ (19,751,243)	$ (34,602,645)	$ (49,892,081)	$ (55,491,552)	$ (57,428,543)	$ (66,998,530)	$ (82,106,368)	$ (100,652,347)
Business-type activities										
Net investment in capital assets	$ 10,361,313	$ 6,883,243	$ 7,462,618	$ 7,327,120	$ 8,478,262	$ 7,038,493	$ 4,404,980	$ 6,877,907	$ 7,762,990	$ 7,932,387
Unrestricted	6,165,732	5,058,871	3,322,472	2,539,292	2,563,784	3,862,994	2,753,605	(4,193)	(557,826)	1,459,512
Total business-type activities net position	$ 16,527,045	$ 11,942,114	$ 10,785,090	$ 9,866,412	$ 11,042,046	$ 10,901,487	$ 7,158,585	$ 6,873,714	$ 7,205,164	$ 9,391,899
Primary government										
Net investment in capital assets	$40,590,459	$36,807,500	$30,652,671	$ 50,273,707	$ 29,786,625	$ 26,192,906	$ 39,803,215	$ 40,020,220	$ 39,422,027	$ 23,323,316
Restricted for:										
Stabilization by State statute	14,222,179	12,264,244	13,686,337	12,845,946	15,617,944	14,036,419	11,153,113	8,727,555	-	-
Restricted, all other	37,517,431	17,264,973	23,225,509	4,493,650	4,287,300	12,551,518	27,503,219	1,250,092	-	-
Unrestricted	(149,528,042)	(128,056,145)	(76,530,670)	(92,349,536)	(88,541,904)	(97,370,608)	(128,729,502)	(110,122,683)	(114,323,231)	(114,583,764)
Total primary government net position	$ (57,197,973)	$ (61,719,428)	$ (8,966,153)	$ (24,736,233)	$ (38,850,035)	$ (44,589,765)	$ (50,269,955)	$ (60,124,816)	$ (74,901,204)	$ (91,260,448)

2017 Fiscal Year numbers were restated to reflect the implementation of GASB Statement No. 75.

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.

ORANGE COUNTY, NORTH CAROLINA

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

	For Year Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities:										
Community services	$ 15,223,280	$ 14,528,306	$ 11,798,260	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General government	16,685,804	17,268,682	22,439,461	-	-	-	-	-	-	-
Support services	12,733,446	14,579,007	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
General services	-	-	-	9,178,467	7,867,632	6,980,383	7,222,770	7,155,635	6,826,209	18,730,842
Community and environment	-	-	-	13,773,024	11,552,941	9,821,519	9,786,774	10,288,447	12,726,270	10,932,997
Human services	43,371,252	45,058,561	46,087,661	38,142,905	36,755,137	35,126,478	33,431,309	33,536,733	33,011,737	37,604,903
Education	106,689,649	97,196,824	85,679,979	84,862,221	81,732,135	91,151,052	76,639,902	74,053,776	66,641,699	74,276,350
Public safety	32,247,386	29,634,987	28,476,942	27,613,011	25,479,585	24,569,638	23,717,846	22,352,109	21,796,091	20,166,400
Cultural and recreational	-	-	-	2,486,556	2,354,533	2,162,503	2,168,615	1,802,668	1,007,304	3,751,394
Interest on long-term debt	5,707,204	3,311,756	3,933,332	4,782,894	5,567,955	7,685,735	14,479,651	8,948,063	10,495,788	9,539,848
Total governmental activities expenses	232,658,021	221,578,123	209,759,881	200,128,179	197,671,760	199,522,645	190,944,715	181,330,137	175,871,739	185,819,427
Business-Type activities:										
Solid waste	9,566,421	10,197,990	10,280,177	11,037,061	11,463,642	6,892,530	10,552,420	10,436,377	11,216,161	10,036,966
Sewer	3,608,084	399,818	430,846	243,993	284,773	333,568	316,684	401,689	305,171	269,822
SportsPlex	443,049	3,354,734	3,420,624	3,215,365	3,135,791	3,020,626	2,909,120	2,977,153	2,937,975	3,145,593
Total business-type activities expenses	13,617,554	13,952,542	14,131,647	14,496,419	14,884,206	10,246,724	13,778,224	13,815,219	14,459,307	13,452,381
Total primary government expenses	$ 246,275,575	$ 235,530,665	$ 223,891,528	$ 214,624,598	$ 212,555,966	$ 209,769,369	$ 204,722,939	$ 195,145,356	$ 190,331,046	$ 199,271,808
Revenues:										
Governmental activities:										
Program revenues:										
Charges for services	15,719,203	16,424,044	15,778,566	15,698,925	14,100,487	13,235,408	12,766,266	12,532,375	11,926,481	11,707,014
Operating grants and contributions	24,212,789	26,044,125	26,418,629	26,224,918	26,259,362	24,611,570	23,403,397	24,934,383	25,180,675	23,255,128
Capital grants and contributions	1,620,344	1,000,233	1,059,278	1,112,971	1,656,217	2,489,408	6,075,501	5,578,325	4,270,546	5,900,817
General revenues:										
Property taxes	160,185,898	155,565,259	153,059,233	149,605,562	148,940,579	142,951,109	141,596,821	140,247,782	137,966,129	130,773,568
Other taxes	31,012,534	29,522,796	27,712,231	26,378,822	22,924,419	21,248,342	18,271,966	15,115,418	15,441,100	19,736,772
Other	1,583,643	618,793	267,113	25,268	29,414	107,517	756,382	102,822	(367,213)	2,222,054
Total governmental activities program revenues	234,334,411	229,175,250	224,295,050	219,046,466	213,910,478	204,643,354	202,870,333	198,511,105	194,417,718	193,595,353
Business-type activities:										
Charges for services	13,482,011	11,861,307	11,719,530	8,496,708	8,708,132	11,201,138	11,278,046	10,980,033	10,724,011	10,233,917
Operating grants and contributions	200,448	-	-	1,192,897	274,429	466,966	419,354	414,853	434,968	401,180
Other	138,915	261,713	162,555	2,328	2,969	9,624	10,067	15,753	1,113,593	720,336
Total business-type activities program revenues	13,821,374	12,123,020	11,882,085	9,691,933	8,985,530	11,677,728	11,707,467	11,410,639	12,272,572	11,355,433
Total primary government program revenues	248,155,785	241,298,270	236,177,135	228,738,399	222,896,008	216,321,082	214,577,800	209,921,744	206,690,290	204,950,786
Transfers										
Governmental activiites	(1,739,866)	(1,568,349)	(1,834,548)	(2,376,743)	(2,730,996)	(2,311,895)	(2,355,631)	(2,073,130)	(994,900)	(571,380)
Business-type activities	1,739,866	1,568,349	1,834,548	2,376,743	2,730,996	2,311,895	2,355,631	2,073,130	994,900	571,380
Increase (decrease) in net position										
Governmental activiites	(63,476)	6,028,778	12,700,621	16,541,544	13,507,722	2,808,814	9,569,987	15,107,838	18,545,979	7,271,551
Business-type activities	1,943,686	(261,173)	(415,014)	(2,427,743)	(3,167,680)	3,742,899	284,874	(331,450)	(2,186,735)	(1,592,573)
Change in net position										
Net position, July 1, previously reported	(4,372,786)	(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)
Prior period adjustment	(54,705,397)	(1,174,238)	3,484,474	(4,600,312)	-	(871,523)	-	-	-	-
Net position, July 1, restated	(59,078,183)	(10,140,391)	(21,251,760)	(38,850,035)	(44,589,765)	(51,141,478)	(60,124,816)	(74,901,204)	(91,260,448)	(96,939,426)
Total net position, June 30	$ (57,197,973)	$ (4,372,786)	$ (8,966,153)	$ (24,736,234)	$ (34,249,723)	$ (44,589,765)	$ (50,269,955)	$ (60,124,816)	$ (74,901,204)	$ (91,260,448)

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							
	2018	2017	2016	2015	2014	2013	2012	2011
General Fund								
Non-spendable:								
Prepaid items	$ 3,001	$ 3,001	$ 3,001	$ -	$ -	$ 16,946	$ 16,946	$ 12,794
Inventories	16,973	7,329	13,668	20,306	29,242	23,008	17,788	115,521
Advances	136,000	136,000	-	-	-	-	-	-
Restricted for:								
Stabilization for State statute	12,576,115	10,739,850	12,144,573	11,255,821	12,102,492	9,736,214	8,399,062	8,189,624
Committed:								
Health Benefits	7,543,841	7,543,841	7,543,841	-	-	-	-	-
General services	-	-	-	7,543,841	6,001,641	3,105,267	145,919	53,524
Assigned:								
Subsequent year expenditures	8,820,099	9,769,060	12,726,944	10,650,770	10,068,343	5,190,118	3,212,872	1,131,417
Restricted	-	-	-	-	-	-	921,525	
Unassigned	34,439,230	34,527,885	32,034,160	35,548,843	33,913,229	36,608,054	35,145,394	27,782,007
Total General Fund	63,535,259	62,726,966	64,466,187	65,019,581	62,114,947	54,679,607	47,859,506	37,284,887
All Other Governmental Funds								
Restricted for:								
Stabilization for State Statute	1,646,064	1,524,394	1,541,764	1,590,125	3,515,452	4,467,734	2,754,051	537,931
Restricted, all other								
Education	26,763,497	4,330,808	10,266,810	6,444,383	8,454,406	10,249,519	25,359,245	9,420,468
Human services	2,668,966	2,748,663	2,533,694	-	-	-	-	-
Governing and management		-	-	21,408,280	12,284,550	5,282,833	7,572,592	8,852,909
Public safety	2,755,925	2,017,706	1,590,761	2,402,687	1,539,413	1,081,573	979,080	885,111
Community services	3,716,198	3,419,193	3,160,345	-	-	-	-	-
Community and environment		-	-	2,297,379	2,747,887	1,052,897	1,164,894	364,981
Capital projects	25,144,847	28,485,737	23,780,620	-	-	-	-	-
Committed								
Human services	125,878	81,079	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:				5,777,554	3,786,743	4,757,926	2,903,661	3,838,177
Human services	166,439	141,597	228,063	-	-	-	-	-
Community services	64,006	62,771	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	148,396	146,913	146,144	-	-	-	-	-
Unassigned	-	-	-	(276,297)	(2,695,073)	(3,667,415)	-	-
Total All Other Government Funds	63,200,216	42,958,861	43,350,617	46,356,159	34,225,082	28,870,531	44,977,060	32,564,872
Total Government Funds	$ 126,735,475	$ 105,685,827	$ 107,816,804	$ 111,375,740	$ 96,340,029	$ 83,550,138	$ 92,836,566	$ 69,849,759

	For Year Ended June 30	
	2010	2009
General Fund		
Reserved for:		
	$ -	$ -
Inventories	143,078	181,031
Encumbrances	1,843,044	1,176,508
State statute	7,956,626	7,837,484
Total reserved	9,942,748	9,195,023
Unreserved:		
Designated:		
Subsequent year's expenditures	401,673	1,988,442
Undesignated	21,097,621	18,977,470
Total unreserved	21,499,294	20,965,912
Total General Fund	31,442,042	30,160,935
Reclassified (1)		
All Other Governmental Funds		
Reserved for:		
Encumbrances	2,910,389	3,061,726
State statute	596,618	866,041
Total reserved	3,507,007	3,927,767
Unreserved:		
Designated:		
Subsequent year's expenditures reported in:		
County capital improvements	10,825,474	30,024,830
School capital improvements	6,605,689	2,409,840
Non-major special revenue	375,417	71,289
Subsequent year's expenditures*	-	-
Undesignated	-	-
Reported in non-major special revenue	4,799,533	5,996,514
Total unreserved	22,606,113	38,502,473
Total All Other Governmental Funds	26,113,120	42,430,240
Total Governmental Funds	$ 57,555,162	$ 72,591,175

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.

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Property taxes	$ 160,164,100	$ 155,630,633	$ 153,539,268	$ 150,938,119	$ 149,384,079	$ 142,589,686	$ 141,141,578	$ 139,112,298	$ 137,768,671	$ 131,799,145
Occupancy tax	1,609,015	1,518,624	1,504,414	1,357,706	-	-	-	-	-	-
Sales tax	29,403,519	28,004,172	26,207,817	25,021,116	22,924,419	21,248,342	18,271,966	15,115,418	15,441,100	18,814,450
Intergovernmental revenues	25,618,064	26,454,930	27,002,678	27,337,889	27,212,924	26,395,066	28,588,962	29,118,062	27,776,901	29,155,945
Charges for services	12,974,619	12,015,197	10,787,145	12,620,908	10,998,366	10,317,422	10,094,081	10,312,004	10,386,667	9,639,871
Investment earnings	1,392,733	618,793	267,113	25,155	29,301	107,430	756,242	102,386	125,672	793,690
Licenses and permits	304,622	314,454	3,164,736	331,510	324,537	322,477	329,265	403,014	328,216	363,594
Impact fees	- (2)	2,114,028	2,004,324	2,763,756	1,811,944	2,021,204	1,648,235	1,459,901	1,214,819	1,238,494
Miscellaneous	2,670,031	2,584,793	243,823	1,558,260	969,654	1,242,602	1,458,674	1,733,217	2,519,964	1,839,989
Total revenues	234,136,703	229,255,624	224,721,318	221,954,419	213,655,224	204,244,229	202,289,003	197,356,300	195,562,010	193,645,178
Expenditures										
Current:										
Community services	14,659,707	14,186,060	11,980,673	-	-	-	-	-	-	-
General government	9,692,463	8,209,934	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
General services	-	-	-	8,823,950	7,793,954	7,041,005	6,556,064	6,716,171	9,450,070	12,911,229
Community and environment	-	-	-	13,612,192	12,915,703	11,815,147	12,308,296	11,853,619	12,314,548	10,232,393
Human services	43,022,683	44,427,224	46,769,208	37,584,165	36,235,780	34,689,069	32,661,585	33,090,063	34,048,520	35,910,264
Education	98,899,949	97,196,824	85,679,979	78,548,393	71,212,992	67,488,591	63,939,903	63,912,513	63,048,729	64,722,715
Public safety	30,746,216	29,093,813	28,396,838	26,634,573	25,678,516	23,304,121	23,063,645	22,643,182	20,810,410	20,926,310
Support services	12,974,342	13,929,639	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
Capital outlay	12,375,007	5,538,992	7,580,903	13,030,640	20,928,560	31,105,574	19,779,947	18,376,147	33,204,669	38,607,718
Debt Service:										
Principal	21,164,194	19,830,716	20,049,781	19,344,248	18,803,953	16,267,209	18,718,055	18,715,710	17,180,037	17,038,179
Interest	7,373,100	6,854,627	6,867,259	8,369,842	6,680,919	8,759,668	15,280,193	9,909,939	8,634,932	9,170,485
Total expenditures	250,907,661	239,267,829	228,355,477	221,645,519	215,673,363	214,918,807	206,332,801	198,575,309	213,936,144	222,292,819
Excess of revenues										
Over (Under) expenditures	(16,770,958)	(10,012,205)	(3,634,159)	308,900	(2,018,139)	(10,674,578)	(4,043,798)	(1,219,009)	(18,374,134)	(28,647,641)
Other financing sources (uses)										
Bonds issuance	29,400,000	-	-	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	-
Premiums received	7,865,143	-	-	-	-	-	-	-	-	-
Payments to escrow agent - refunding	(30,091,068)	-	-	(17,972,035)	-	(13,685,000)	(104,030,089)	-	(24,021,358)	-
Installment loans issuance	32,725,757	9,354,561	6,655,158	16,040,546	18,549,081	2,099,099	22,031,500	11,899,439	4,136,434	38,700,000
Capital leases issuance	-	-	-	-	-	-	-	-	-	562,617
Proceeds from sale of capital assets	190,910	95,016	32,167	-	-	-	-	-	-	-
Transfers in	8,228,700	9,706,368	8,280,750	6,756,556	8,036,336	11,265,642	7,663,511	7,630,887	14,606,087	14,070,320
Transfers out	(10,498,836)	(11,274,717)	(10,115,298)	(9,133,299)	(10,806,204)	(13,685,581)	(10,029,142)	(9,854,897)	(15,600,987)	(14,641,700)
Total other financing sources (uses)	37,820,606	7,881,228	4,852,777	12,736,000	15,779,213	974,366	26,524,640	9,675,429	3,338,130	38,691,237
Net change in fund balances	$ 21,049,648	$ (2,130,977)	$ 1,218,618	$ 13,044,900	$ 13,761,074	$ (9,700,212)	$ 22,480,842	$ 8,456,420	$ (15,036,004)	$ 10,043,596
Debt service as a percentage of non-capital expenditures	11.59%	11.30%	11.98%	12.70%	12.05%	11.87%	18.22%	15.88%	14.28%	13.38%

(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.
(2) Due to a change in legistlature, the coutnies are no longer permitted ot charge for impact fees.
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
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%
2017	15,168,750,327	1,620,578,558	306,434,830	71,244,631	17,024,519,084	0.878	19,932,700,016	85.41%
2018	16,385,248,774	1,711,150,366	315,583,138	81,081,408	18,330,900,870	0.838	19,247,060,972	95.24%

Source: Annual County Report of Valuation and Property Tax Levies
Note - the 2018 Assessed Value as a Percentage of Actual Value ratio is reflective of the revaluation which represents a better estimate of the sales ratio.

* 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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
County Direct Rates										
Orange County (1)	$ 0.0838	$ 0.0878	$ 0.0878	$ 0.0878	$ 0.0858	$ 0.0858	$ 0.0858	$ 0.0858	$ 0.0858	$ 0.9980
Total general direct rate	0.0838	0.0878	0.0878	0.0878	0.0858	0.0858				
Fire Districts (2)	0.0712	0.0603	0.0623	0.0599	0.0663	0.0593				
Total direct rate	$ 0.1550	$ 0.1481	$ 0.1501	$ 0.1477	$ 0.1521	$ 0.1451				
Fire districts:										
Cedar Grove							0.0736	0.0736	0.0736	0.0730
Chapel Hill							0.0750	0.0750	0.0750	0.0490
Damascus							0.0500	0.0500	0.0600	0.0600
Efland							0.0466	0.0466	0.0460	0.0523
Eno							0.0599	0.0599	0.0599	0.0570
Little River							0.0406	0.0406	0.0406	0.0460
New Hope							0.0895	0.0695	0.0695	0.0675
Orange Grove							0.0408	0.0358	0.0580	0.0420
Orange Rural							0.0561	0.0636	0.0636	0.0630
South Orange							0.0785	0.0785	0.0785	0.0950
Southern Triangle							0.0500	0.0500	0.0500	0.0600
White Cross							0.0700	0.0600	0.0600	0.0600
Chapel Hill-Carrboro School District	0.0218	0.2084	0.2084	0.2084	0.2084	0.1884	0.1884	0.1884	0.1884	0.2300
Municipality rates:										
Chapel Hill	0.5080	0.5240	0.5240	0.5240	0.5140	0.4940	0.4940	0.4940	0.4940	0.5810
Carrboro	0.5894	0.5894	0.5894	0.5894	0.5894	0.5894	0.5894	0.5894	0.5894	0.6863
Hillsborough	0.6200	0.6800	0.6800	0.6800	0.6800	0.6800	0.6200	0.6200	0.6200	0.6700
Mebane	0.4700	0.4900	0.4900	0.4900	0.4700	0.4700	0.4700	0.4700	0.4700	0.4700

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)

		2018			2009		
Taxpayer	**Type of Business**	**Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**	**Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
Duke Energy	Public utility	**$ 129,454,111**	**1**	**0.67%**	$ 86,215,996	1	0.67%
Village Plaza Apartments LLC	Apartments rental	**61,604,500**	**2**	**0.32%**			
Piedmont Electric Membership	Public utility	**60,474,276**	**3**	**0.31%**	46,539,477	4	0.36%
Northwetern Mutual Life Insurance Co	Apartment rental	**57,505,550**	**4**	**0.30%**			
Public Service Co of NC Inc	Public utility	**50,193,948**	**5**	**0.26%**			
State Employees' Credit Union	Bank	**47,142,644**	**6**	**0.24%**			
East 54 Office Retail LLC	Office/Retail	**40,135,700**	**7**	**0.21%**			
Chapel Hill At the Pointe Villager LLC	Apartment rental	**37,002,485**	**8**	**0.19%**			
G&I VlllMidtown 501LLC	Apartment rental	**36,468,100**	**9**	**0.19%**			
Granville Towers LLC	Apartment rental	**36,361,054**	**10**	**0.19%**			
VAC Limited Partnership	Apartments rental				62,702,256	2	0.49%
US CT LLC	Propert Owners Trust				50,120,115	3	0.39%
Blue Cross and Blue Shield of N.C.	Health Insurance				36,432,449	5	0.28%
Corium LLC	Insurance provider				32,584,486	6	0.25%
Madison University Mall Properties	Retail				32,336,426	7	0.25%
Bell South Telephone and Telegraph Co.	Public Utility				31,052,192	8	0.24%
Europa Center LLC	Hotel				27,031,431	9	0.21%
DDRM Meadowmont Village Center LLC	Real Estate				22,577,932	10	0.18%
Total		**$ 556,342,368**		**2.88%**	**$ 427,592,760**		**3.34%**

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	Total Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Adjusted Tax Levy
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%
2015	2016	146,967,477	145,747,667	99.17%	1,309,964	147,057,631 **	97.39%	3,938,883	2.68%
2016	2017	149,566,210	148,358,015	99.19%	1,155,219	149,513,234 **	97.39%	3,991,858	2.67%
2017	**2018**	**153,783,722**	**152,424,863**	**99.12%**	**1,179,696**	**153,604,559 ****	**97.39%**	**4,171,021**	**2.71%**

*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

	Governmental Activities					Business-Type Activities					
Fiscal Year	**General Obligation Bonds**	**Installment Loans**	**Capital Leases**	**State Revolving Loans**	**Premiums**	**Installment Loans**	**Capital Leases**	**Premiums**	**Total Primary Government**	**Per Capita (1)**	**Percentage of Personal Income (1)**
2009	$ 121,415,000	$ 113,038,877	$ 2,382,346	$ -	$ (549,389)	$ 8,634,353	$ 1,442,894	$ -	$ 246,364,081	1,879	4.12%
2010	112,520,000	109,163,100	2,049,520	-	1,160,617	8,147,895	1,004,725	-	234,045,857	1,768	3.78%
2011	103,490,000	109,732,854	3,200,000	-	1,490,486	7,661,455	1,024,821	-	226,599,616	1,694	3.61%
2012	95,520,000	114,393,535	2,486,176	-	15,685,846	10,175,318	606,855	-	238,867,730	1,724	3.61%
2013	86,205,000	105,697,170	1,746,233	2,099,099	16,583,769	9,429,225	325,128	-	222,085,624	1,605	3.11%
2014	77,150,000	120,189,844	-	1,663,703	15,318,561	8,724,908	-	-	223,047,016	1,597	3.04%
2015	68,355,000	122,631,057	-	2,679,597	14,118,757	9,980,805	-	-	217,765,216	1,538	2.88%
2016	59,280,000	118,995,610	-	2,533,957	9,995,850	9,799,916	-	-	200,605,333	1,416	2.56%
2017	50,430,000	117,955,775	-	2,388,317	7,382,845	12,185,551	-	-	190,342,488	1,329	2.14%
2018	**71,185,000**	**111,568,633**	**-**	**2,242,677**	**13,049,290**	**11,164,960**	-	328,071	**209,538,631**	**1,456**	**2.36%**

Note - Installment loans and State revolving loans are payable from general government resources of the County.
(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

	General Bonded Debt Outstanding							
Fiscal Year	**General Obligation Bonds**	**Installment Loans**	**State Revolving loan**	**(Discount) Premium**	**Total**	**Percentage of Personal Income (1)**	**Percentage of Actual Taxable Value of Property (2)**	**Per Capita (1)**
2009	$ 121,415,000	$ 113,038,877.0	$ -	$ (549,389)	$ 233,904,488	3.91%	1.82%	1,784
2010	112,520,000	109,163,100	-	1,160,617	222,843,717	3.60%	1.43%	1,683
2011	103,490,000	109,732,854	-	1,490,486	214,713,340	3.43%	1.37%	1,605
2012	95,520,000	114,393,535	-	15,685,846	225,599,381	3.41%	1.42%	1,628
2013	86,205,000	105,697,170	2,099,099	16,583,769	210,585,038	2.95%	1.31%	1,522
2014	77,150,000	120,189,844	1,663,703	15,318,561	214,322,108	2.92%	1.29%	1,534
2015	68,355,000	122,631,057	2,679,597	14,118,757	207,784,411	2.75%	1.26%	1,467
2016	59,280,000	118,995,610	2,533,957	9,995,850	190,805,417	2.44%	1.14%	1,347
2017	50,430,000	117,955,775	2,388,317	7,382,845	178,156,937	2.01%	1.05%	1,244
2018	**71,185,000**	**111,568,633**	**2,242,677**	**13,049,290**	**198,045,600**	**2.23%**	**1.08%**	**1,377**

*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

	For Year Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Assessed value of property	**$ 18,330,900,870**	$ 17,024,519,084	$ 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
Debt limit, 8% of assessed value (statutory limitation)	**1,466,472,070**	1,361,961,527	1,342,254,591	1,320,155,451	1,330,588,829	1,286,077,878	1,271,930,890	1,255,199,214	1,243,098,884	1,025,619,005
Amount of debt applicable to limit:										
Gross debt	**184,996,310**	170,774,092	180,809,567	193,665,654	199,003,547	194,001,269	209,913,535	213,222,854	221,683,100	234,453,877
Less:										
Amount available for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Debt outstanding for water and sewer purposes	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	184,996,310	170,774,092	180,809,567	193,665,654	199,003,547	194,001,269	209,913,535	213,222,854	221,683,100	234,453,877
Legal debt margin	$ 1,281,475,760	$ 1,191,187,435	$ 1,161,445,024	$ 1,126,489,797	$ 1,131,585,282	$ 1,092,076,609	$ 1,062,017,355	$ 1,041,976,360	$ 1,021,415,784	$ 791,165,128
Total net debt applicable to limit as a percentage of debt limit	**12.62%**	12.54%	13.47%	14.67%	14.96%	15.08%	16.50%	16.99%	17.83%	22.86%

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, 2018

Governmental Unit	Debt Outstanding	(2) Percentage Municipality in County	Estimated Share of Direct and Overlapping Debt
Municipalities:			
Town of Carrboro	$ 4,758,333	100%	$ 4,758,333
Town of Chapel Hill	66,653,000	100%	66,653,000
Town of Hillsborough	36,710,285	100%	36,710,285
City of Durham	47,607,929	3%	1,428,238
Town of Mebane	13,103,862	30%	3,931,159
Overlapping debt	168,833,409		113,481,015
Direct debt	184,996,310		184,996,310
Total direct and overlapping debt:	$ 353,829,719		$ 298,477,325

Source: (1) The Total Outstanding Debt (provided by the Finance Officers of above listed municipalities) is multiplied by the percentage of municipality 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)
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	20,051	5.7%	1,791
2015	141,596	7,557,466	52,339	34.57	20,202	4.8%	1,852
2016	141,704	7,822,229	55,201	35.05	20,040	4.4%	3,026
2017	143,264	8,884,312	62,014	35.05	19,959	4.6%	1,793
2018	**143,873**	**8,884,312**	**61,751**	**33.60**	**20,232**	**3.5%**	2,937

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. 2018 personal income not available, prior year figures are repeated.
(3) Orange County Finance and Administrative Services budget student numbers
(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.

ORANGE COUNTY, NORTH CAROLINA

Table 14

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

	2018			2009		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
UNC-Health Care	12,475	**1**	18.50%	12,084	2	18.79%
UNC Chapel Hill	11,079	**2**	16.43%	7,977	2	12.40%
Chapel Hill-Carrboro City Schools	2,262	**3**	3.35%	1,910	4	2.13%
Orange County Schools	1,297	**4**	1.92%	1,000	5	1.55%
Orange County Government	925	**5**	1.37%	837	6	1.30%
Town of Chapel Hill	657	**6**	0.97%	712	7	1.11%
UNC Physicians Network LLC	548	**7**	0.81%			
General Electric	459	**8**	0.68%	400	10	0.62%
Aramark Services	413	**9**	0.61%			
AKG of America	330	**10**	0.49%			
Blue Cross Blue Shield				1,373	3	1.55%
HRR Prime LLC				572	8	0.89%
Harris Teeter, Inc				522	9	0.81%

Source: Orange County Economic Development Commission, Employment Security Commission

ORANGE COUNTY, NORTH CAROLINA

Table 15

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

	For Year Ended June 30									
Function/Program	**2018**	2017	2016	2015	2014	2013	2012	2011	2010	2009
Government and management	-	-	-	101.75	96.15	91.95	94.40	91.55	109.80	74.20
General services	-	-	-	86.03	78.50	61.10	62.90	60.15	84.80	123.40
Community and environment	-	-	-	95.20	89.40	92.50	84.70	90.90	87.60	55.55
Human services	-	-	-	297.86	312.48	293.43	308.10	304.50	325.40	318.60
Public safety	-	-	-	265.28	262.90	263.68	246.80	241.20	227.20	223.40
Cultural and recreational	-	-	-	29.53	33.00	35.15	28.43	29.83	24.03	49.25
Solid Waste Enterprise	-	-	-	62.28	60.25	58.20	57.25	53.10	51.40	44.40
Community Services	**153.20**	145.00	132.80	-	-	-	-	-	-	-
General Government	**93.23**	98.83	100.43	-	-	-	-	-	-	-
Human Services	**364.60**	356.23	341.76	-	-	-	-	-	-	-
Support Services	**75.90**	77.10	74.30	-	-	-	-	-	-	-
Public Safety	**236.10**	285.98	269.58	-	-	-	-	-	-	-
Solid Waste	**64.75**	65.85	62.65	-	-	-	-	-	-	-
Total	**987.78**	**1,028.99**	**981.52**	**937.93**	**932.68**	**896.01**	**882.58**	**871.23**	**910.23**	**888.80**

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Governing and Management:										
Number of animals sheltered	4,504	4,037	3,750	3,419	3,495	3,258	3,246	3,162	2,934	**2,966**
Number of rabies investigations	149	243	140	108	101	186	232	86	72	**121**
Employment applications received	3,650	1,979	3,000	3,347	9,256	7,980	6,703	8,891	7,519	**6,453**
General Services:										
Incoming Calls to Technology Help Desk	4,447	4,561	6,409	7,879	9,086	11,020	11,825	12,416	10,696	**10,842**
Real Estate documents processed	22,975	23,875	23,804	22,901	25,904	19,672	19,214	19,969	20,558	**18,740**
Vital records recorded and issued	18,081	18,454	18,321	18,188	18,308	17,988	18,909	20,297	22,164	**20,945**
Community and Environment:										
Building permits issued	824	667	658	661	635	666	815	890	891	**986**
Building, plumbing, mechanical, and electrical inspections completed	13,545	12,125	15,400	13,092	10,648	10,688	14,900	17,000	16,616	**18,477**
Human Services:										
Households receiving food stamps	3,430	3,785	5,403	6,234	6,504	6,634	N/A	N/A	N/A	**N/A**
Individuals receiving food stamps	N/A	N/A	N/A	N/A	N/A	N/A	11,793	10,640	11,492	**9,880**
Number of Medicaid cases	6,820	6,952	7,089	9,532	10,028	13,575	12,960	12,496	12,867	**13,066**
Number of families receiving daycare subsidy	600	655	560	715	741	700	685	710	750	**721**
Total number of dental patient visits	4,165	3,945	2,277	3,605	4,747	5,279	6,131	6,949	6,924	**6,840**
Family planning clients served	1,045	1,189	1,431	1,004	1,104	1,317	1,812	1,032	1,026	**829**
Public Safety:										
Requests for EMS service	10,945	10,988	11,655	13,287	13,132	12,554	13,810	16,607	16,908	**17,227**
Number of fire inspections	87	90	300	279	272	379	400	308	366	**350**
Average number of non-federal inmates per month	175	175	170	180	180	170	173	76	76	**75**
Culture and Recreation:										
Library materials circulated at Orange County Library	209,023	271,066	337,010	405,282	444,261	422,265	442,367	450,372	427,632	**463,348**
Number of reference volumes at Orange County Library	2,300	3,766	2,555	2,600	3,161	2,697	2,240	2,897	2,672	**2,813**
Education:										
Average daily membership (NCDPI Planning #'s)	18,898	18,696	18,990	19,549	19,757	20,051	20,202	20,040	19,959	**20,232**
County current expense appropriation per pupil ($)	3,200	3,096	3,096	3,102	3,167	3,269	3,571	3,698	3,868	**3,991**

N/A - Information was not available
Source: Orange County Finance and Administrative Services Department

ORANGE COUNTY, NORTH CAROLINA **Table 17**

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

	For Year Ended June 30									
Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Human Services:										
Public health occupied square footage	18,400	18,400	18,400	33,638	33,638	30,027	31,433	31,433	31,433	**31,433**
Social services occupied square footage	24,584	27,595	60,181	59,825	59,825	55,430	55,437	55,437	55,437	**55,437**
Cooperative extension occupied square footage	4,986	4,986	4,986	4,986	4,986	4,968	5,198	5,198	5,198	**5,198**
Number of centers	13	13	13	13	13	13	14	15	15	**15**
Public Safety:										
Number of law enforcement vehicles	111	125	129	137	141	153	146	143	143	**152**
Number of emergency services vehicles	38	38	33	28	31	32	34	34	34	**39**
Number of animal control vehicles	8	8	8	6	6	6	6	6	6	**6**
Detention capacity	129	129	129	129	129	129	129	129	129	**129**
Cultural and Recreational:										
Libraries - branches	4	5	3	3	3	3	3	3	3	**3**
Volume of library books	278,488	271,066	195,282	113,978	100,843	103,259	111,421	114,580	114,580	**111,682**
Education:										
Number of schools	29	29	29	29	29	30	30	30	30	**30**

Source: Orange County Finance and Administrative Services Department