

2016 POPULAR ANNUAL FINANCIAL REPORT

for the year ended June 30, 2016



ORANGE COUNTY
NORTH CAROLINA

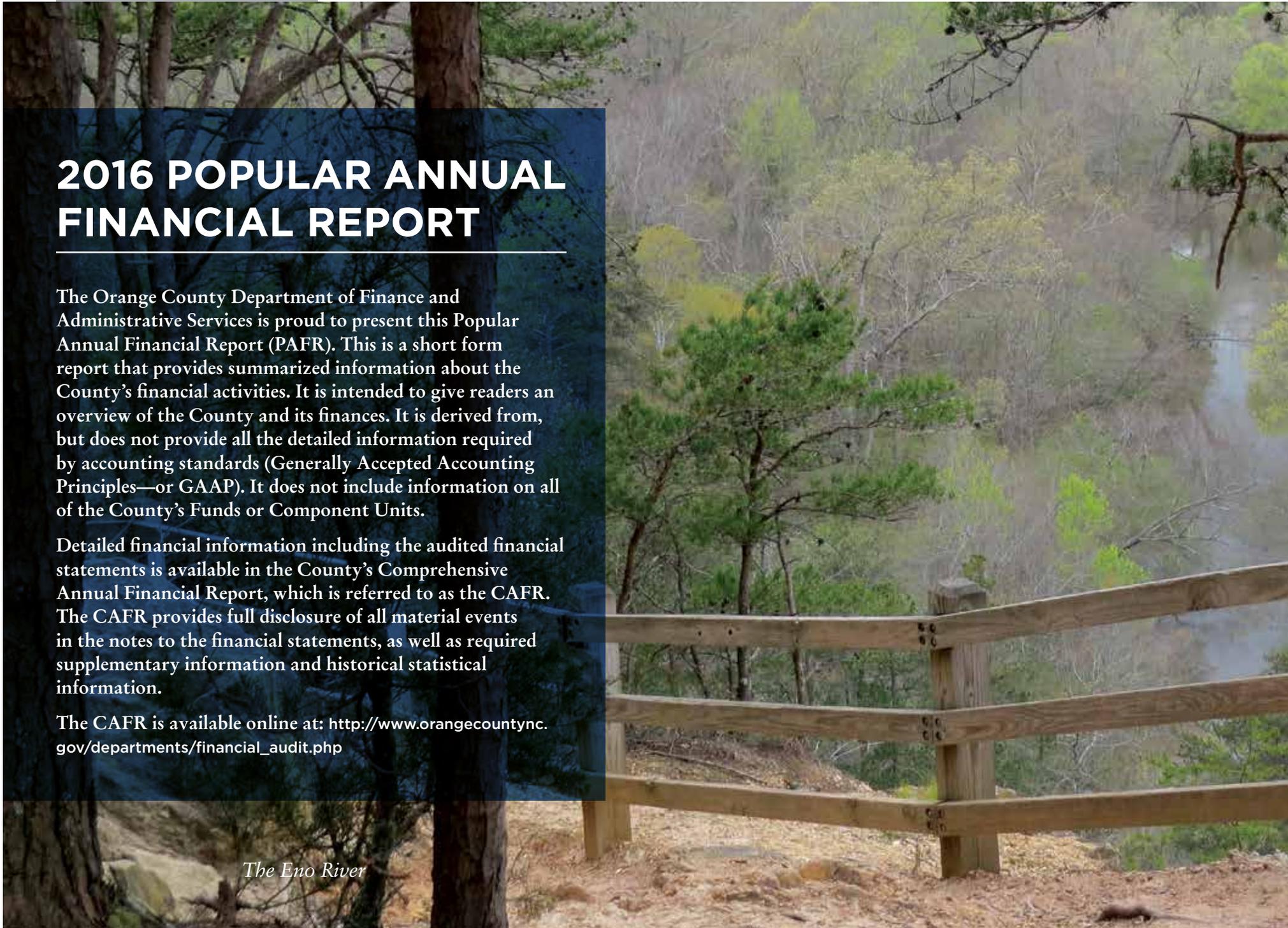
2016 POPULAR ANNUAL FINANCIAL REPORT

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

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

The CAFR is available online at: http://www.orangecountync.gov/departments/financial_audit.php

The Eno River





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The Gateway Center



A two-story white house with green shutters and a porch decorated with patriotic bunting and flags. The house has a brick chimney and is surrounded by lush green trees and a lawn. The porch is decorated with red, white, and blue bunting and small American flags are planted in the lawn in front of the house.

- ABOUT *the* COUNTY -

- Hillsborough Visitors Center -

THE DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Mission Statement:

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

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

PAFR REPORTING

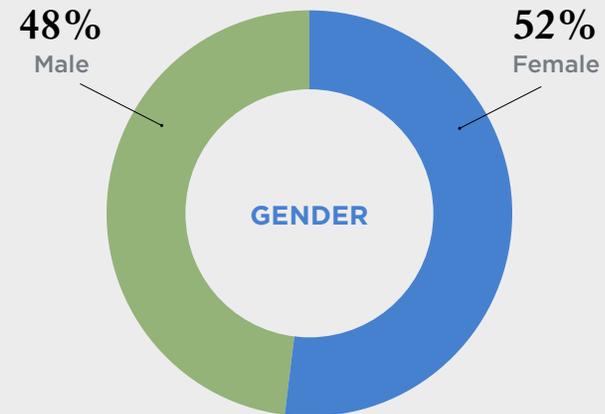
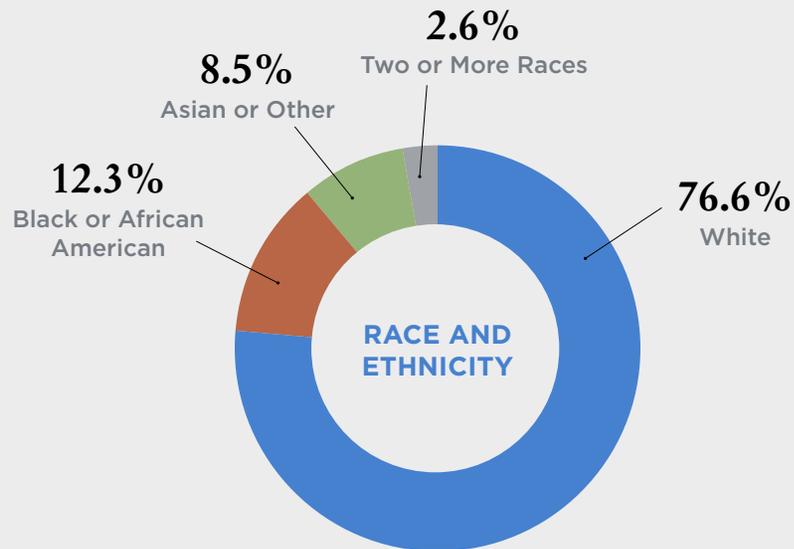
Orange County will submit the PAFR to the Government Finance Officers Association of the United States and Canada (GFOA) and to the residents of Orange County of North Carolina. The goal is to obtain the Award for Outstanding Achievement in Popular Annual Financial Reporting.

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



ORANGE COUNTY QUICK FACTS

FOUNDED:	1752
GEOGRAPHY:	<i>Land:</i> 398 square miles • <i>Water:</i> 3.5 square miles
DEMOGRAPHICS:	<i>Residents:</i> 141,596 • <i>Median Age:</i> 34.5 • <i>Per capita personal income:</i> \$52,339
RACE AND ETHNICITY:	<i>White:</i> 76.6% • <i>Black or African American:</i> 12.3% • <i>Asian or other:</i> 8.5% • <i>Two or more races:</i> 2.6%
GENDER:	<i>Female:</i> 52% • <i>Male:</i> 48%
EDUCATION:	<i>High School Graduates:</i> 91.9% • <i>Bachelor's Degree:</i> 56.2%



ORANGE COUNTY METRICS

FUNCTION/PROGRAM	2014	2015	2016
GOVERNING AND MANAGEMENT			
Number of animals sheltered	3,258	3,246	3,162
Employment applications received	7,980	6,703	8,891
GENERAL SERVICES			
Incoming calls to Technology Help Desk	11,020	11,825	12,416
Real estate documents processed	19,672	19,214	19,969
Vital records recorded and issued	17,988	18,909	20,297
COMMUNITY AND ENVIRONMENT			
Building permits issued	666	815	890
Building, plumbing, mechanical, and electrical inspections completed	10,688	14,900	17,000
HUMAN SERVICES			
Number of Medicaid cases	13,575	12,960	12,496
Number of families receiving daycare subsidy	700	685	710
Total number of dental patient visits	5,279	6,131	6,949
Family planning clients served	1,317	1,812	1,032

FUNCTION/PROGRAM	2014	2015	2016
PUBLIC SAFETY			
Requests for EMS service	12,554	13,810	16,607
Number of fire inspections	379	400	308
Average number of non-federal inmates per month	170	173	76
CULTURE AND RECREATION			
Library materials circulated at Orange County Library	422,265	442,367	450,372
Number of reference volumes at Orange County Library	2,697	2,240	2,897
EDUCATION			
Average daily membership (NCDPI Planning #'s)	20,051	20,202	20,040
County current expense appropriation per pupil (\$)	3,269	3,571	3,697



KEY COUNTY DATA

POPULATION/GROWTH RATES

According to the United States Census, the County has experienced population growth of 4.9% over the last five years, with an average annual growth of 1.2%. The County’s percent in the Labor Force has remained stable with an average of 52.3% a year. The following table presents the historical population and Labor Force of Orange County over the past five years. The population as of 2010 has a 71.5% Urban Population and 28.5% Rural Population.

Source: Orange County Economic Development

ORANGE COUNTY POPULATION

YEAR	POPULATION	IN LABOR FORCE
2011	134,759	70,550
2012	137,662	72,116
2013	139,287	72,835
2014	140,160	73,447
2015	141,354	73,301

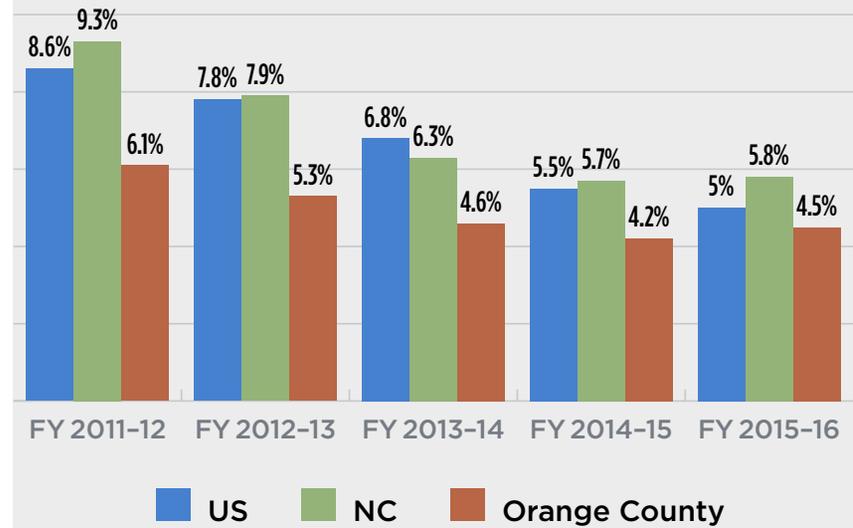
Source: American Fact Find

EMPLOYMENT

The County’s unemployment rate has consistently been low. The following graph presents the average monthly unemployment rates for each of the past five fiscal years. Per the U.S. Bureau of Labor and Economic Analysis, the County’s unemployment rate of 4.5% was below the state rate of 5.8% and national rate of 5.0%.

UNEMPLOYMENT RATES

Average for Each Fiscal Year



Source: United States Bureau of Labor Statistics

KEY COUNTY DATA

The County is home to the University of North Carolina at Chapel Hill and UNC Health Care, which are major employment sources in the County. The County’s primary occupations are in educational services, health care and social assistance, and retail trade sectors. Industry sectors such as Agriculture, Utilities, and Management of Companies and Enterprises comprise small portions of the Orange County Industry Structure.

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

2016 TOP 10 EMPLOYERS

	EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
1	UNC-Chapel Hill	18,335	25.00%
2	UNC Health Care	12,095	16.50%
3	Chapel Hill-Carrboro City Schools	2,000	2.73%
4	Orange County Schools	1,100	1.50%
5	Orange County Government	992	1.35%
6	Town of Chapel Hill	700	0.95%
7	General Electric	502	0.68%
8	Sports Endeavors Inc.	382	0.52%
9	Aramark Services	354	0.48%
10	Walmart	322	0.44%
	TOTAL	35,163	50.54



ORANGE COUNTY GOVERNMENT

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

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



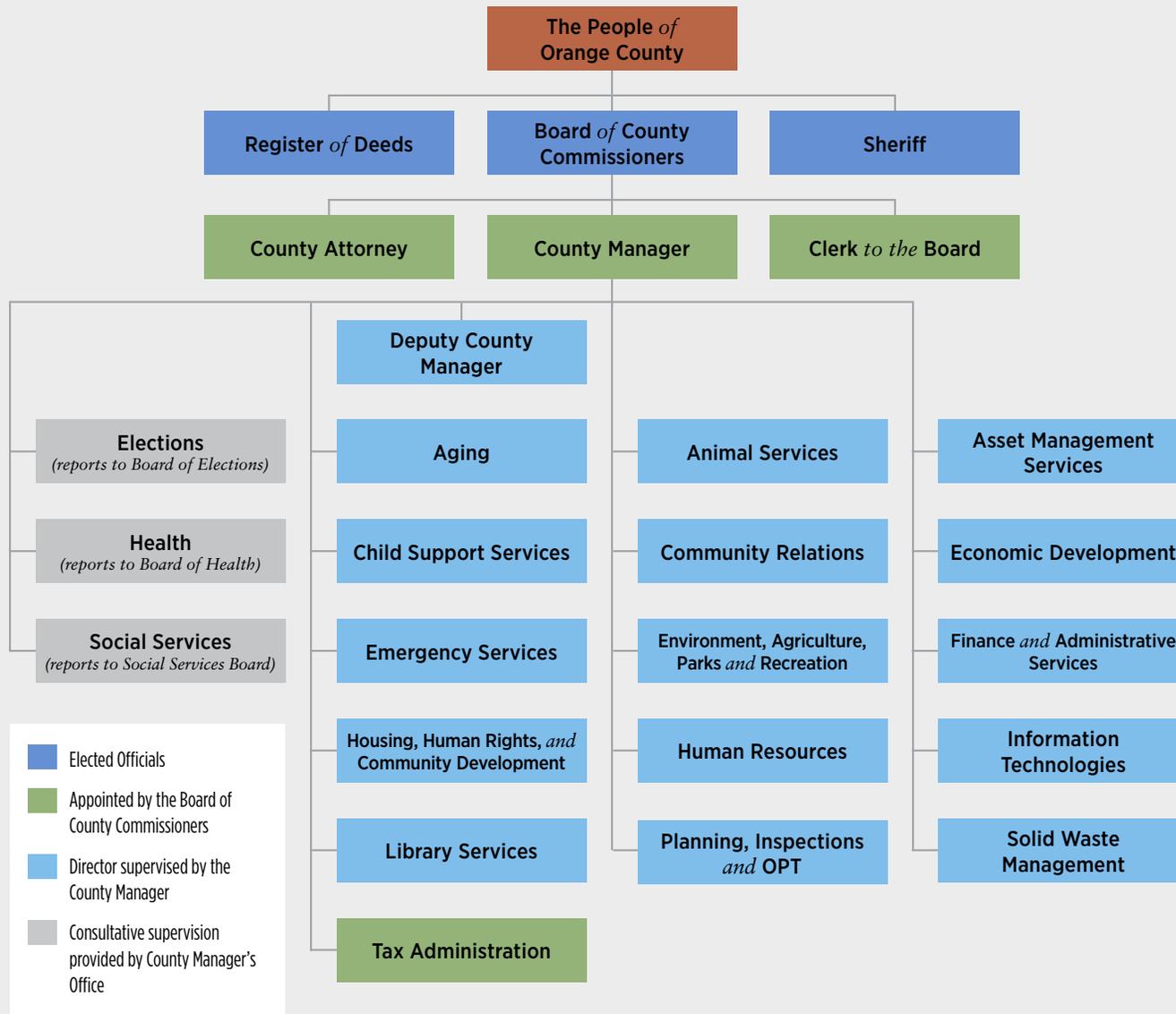
BOARD OF COUNTY COMMISSIONERS OF ORANGE COUNTY

From left to right: Mark Dorosin, Penny Rich, Renee Price, Barry Jacobs, Earl Mckee, Mia Burroughs, Bernadette Pelissier

You may call the Clerk to the Board at 919.245.2130.

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

ORGANIZATIONAL STRUCTURE



Link Government Services Center



Whitted Building



Economic Development

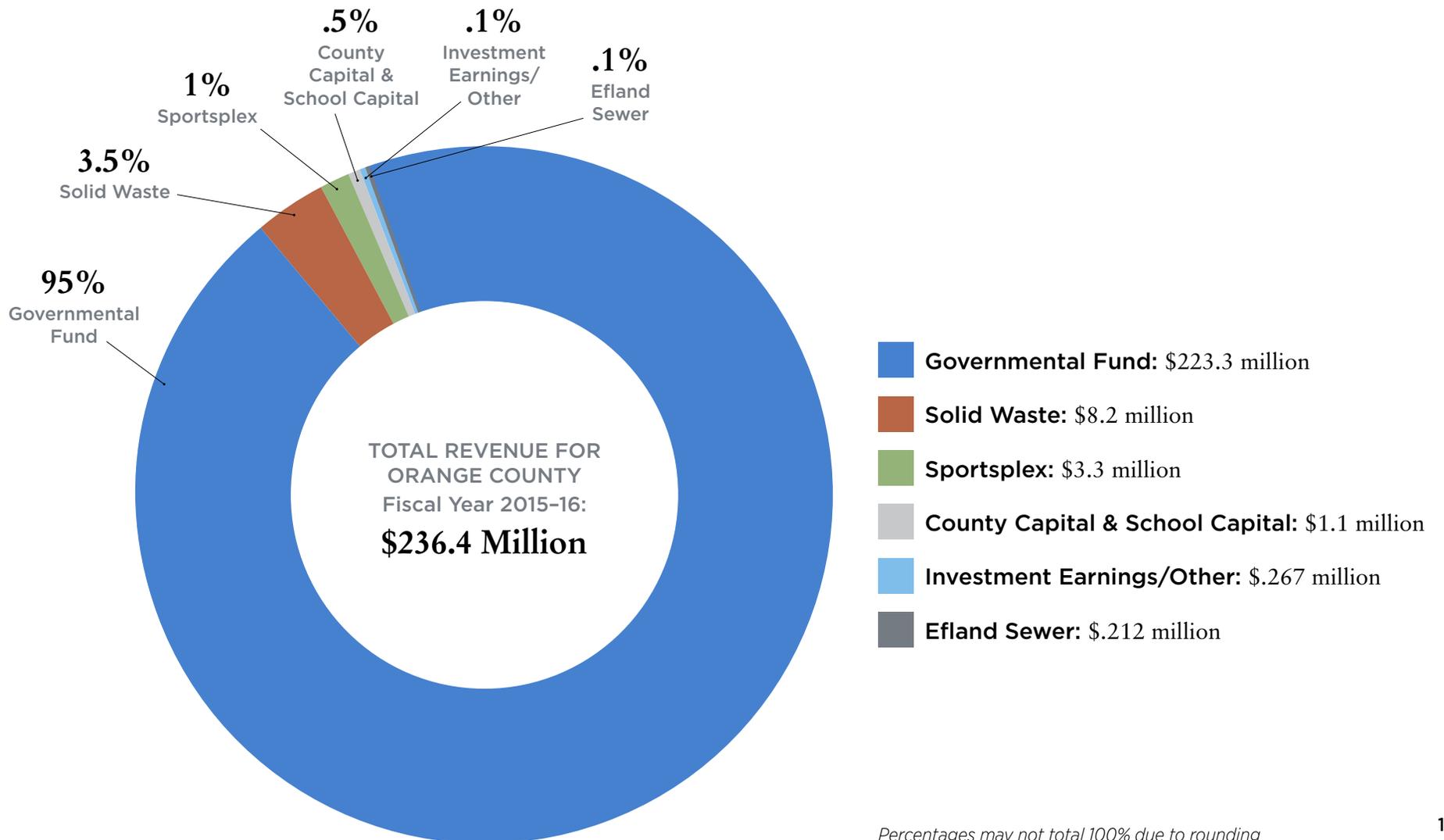


- COUNTY FINANCES -

- David Price Farmers' Market Pavilion -

REVENUES

PERCENTAGE OF COUNTY'S TOTAL REVENUE



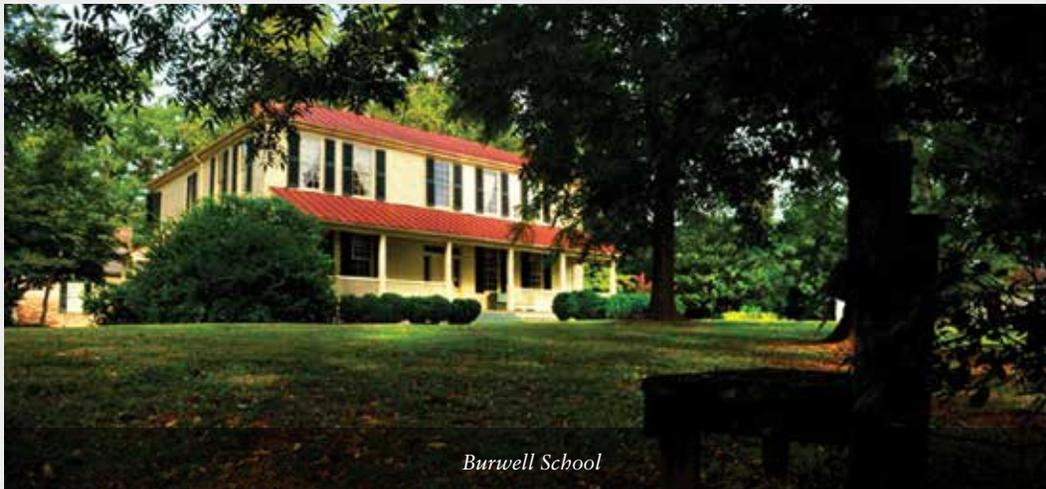
Percentages may not total 100% due to rounding

NET POSITION

STATEMENT OF NET POSITION AS OF JUNE 30, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
TOTAL ASSETS	226,110,470	31,744,107	257,854,577
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,457,953	208,835	3,666,788
TOTAL LIABILITIES*	(247,752,201)	(21,073,294)	(268,825,495)
TOTAL DEFERRED INFLOWS OF RESOURCES	(1,567,465)	(94,558)	(1,662,023)
TOTAL NET POSITION	(19,751,243)	10,785,090	(8,966,153)

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



Burwell School



Orange County Sheriff

GENERAL FUND

The general fund is the chief operating fund of the County. This fund (governmental fund) includes the general revenues and functional leadership expenditures, which support county operations. Unlike the government-wide financial statement presented previously, the general fund is presented using a current resources focus (amounts to be collected or paid in the near term).

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

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

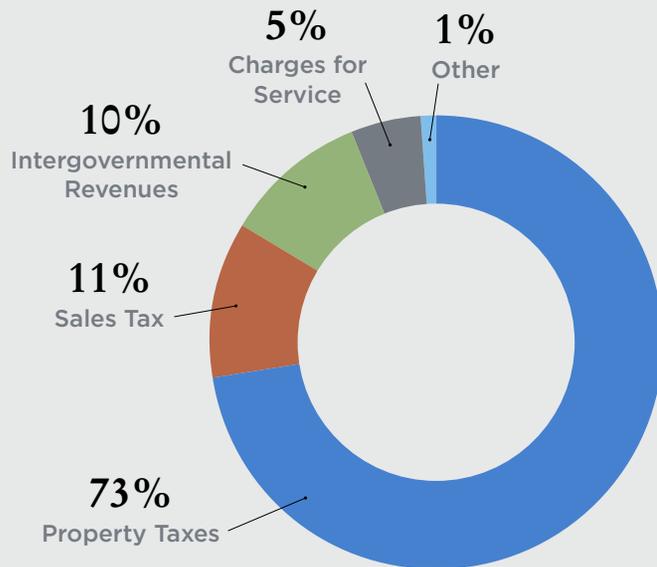


GENERAL FUND

	2012	2013	2014	2015		2016
REVENUES						
Property taxes	136,485,507	137,809,331	143,134,890	145,833,869	Property taxes	148,167,340
Sales tax	17,562,303	18,503,027	19,896,974	21,685,840	Sales tax	22,992,165
Intergovernmental revenues	19,794,026	19,329,447	20,150,227	20,594,979	Intergovernmental revenues	20,502,657
Charges for service	9,406,210	9,688,138	10,390,281	11,944,185	Charges for service	10,221,627
Investment earnings	51,201	30,926	10,429	15,051	Investment earnings	151,392
Licenses & permits	329,265	322,477	324,537	331,510	License & permits	313,275
Miscellaneous	824,545	819,043	642,251	985,124	Miscellaneous	1,802,553
Total revenues	184,453,057	186,502,389	194,549,589	201,390,558		204,151,009
EXPENDITURES						
Governing & management	11,946,149	12,280,547	13,027,305	13,050,437	Community services	10,260,958
General services	5,602,554	5,886,907	6,489,317	7,589,861	General government	9,369,732
Community & environment	5,520,835	5,566,390	6,028,358	6,391,893	Public safety	22,306,159
Human services	32,276,333	34,427,142	35,732,832	37,008,858	Human services	39,597,192
Education	63,939,903	66,947,350	69,657,252	76,847,414	Education	78,837,341
Public safety	18,875,222	18,975,575	20,369,551	20,945,780	Support services	11,661,104
Cultural & recreational	2,078,964	2,167,876	2,395,681	2,647,079	Debt service:	
Debt service: Principal	18,718,055	16,267,209	18,803,953	19,344,248	Principal	19,519,042
Interest	7,745,070	7,811,057	6,680,919	8,052,975	Interest	6,594,944
Total expenditures	166,703,085	170,330,053	179,185,168	192,078,545		198,146,472
REVENUES OVER (UNDER) EXPENDITURES	17,749,972	16,172,336	15,364,421	9,312,013		6,004,537

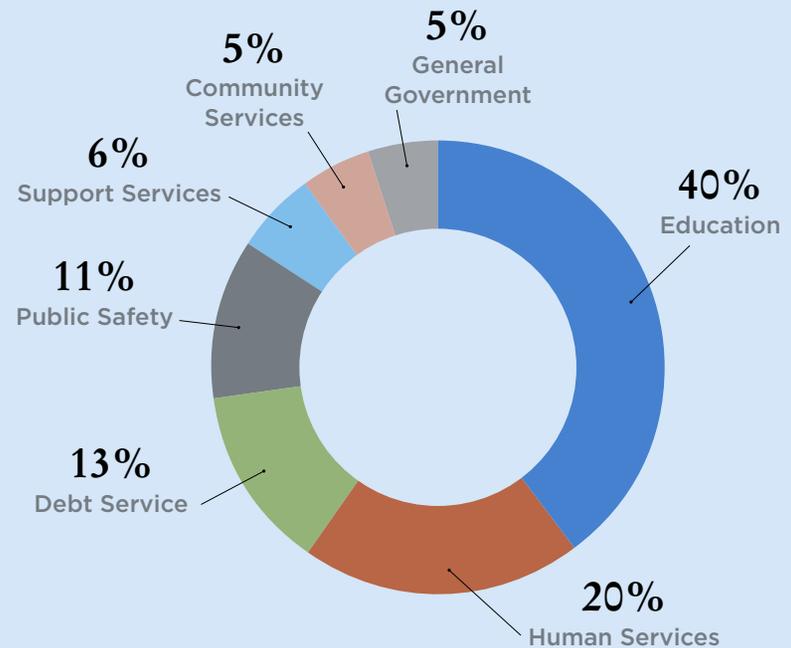
GENERAL FUND

WHERE THE MONEY COMES FROM



Taxes comprise the vast majority of the general fund revenues at 84% of the total revenues. Property taxes are the largest funding source at about 73% of total revenues. Intergovernmental revenues, comprised of grants and pass-through funds, are 10% of total revenues. Sales tax represents approximately 11% of the total revenues, while charges for services comprises approximately 5% of the total general fund revenues. *Other* includes investment earnings, licenses and permits, and miscellaneous.

WHERE THE MONEY GOES



Education and school debt service is approximately 50% of total general fund expenditures. Human Services is approximately 20% of total expenditures, and public safety comprises over 11% of the total general fund expenditures. Community services, general government, and support services are each approximately 5% of total expenditures. Debt service expenditures comprise 13% of total general fund expenditures.

Orange County maintains the highest credit quality, with the following General Obligation Bond ratings:

Moody's Investor Services:
Aaa

Standard & Poor's:
AAA

Fitch IBCA:
AAA

DEBT

LONG-TERM DEBT	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
General obligation bonds	68,355,000	0	9,075,000	59,280,000	8,850,000
Installment notes payable	122,631,057	7,441,578	11,077,025	118,995,610	11,185,806
Revolving loan payment	2,679,597	0	145,640	2,533,957	145,640
Bond premium	12,991,366	0	2,995,516	9,995,850	0
Net pension liability – LGERS	(4,088,038)	10,230,666	3,145,971	2,996,657	0
Law enforcement officers' SSA pension obligation	710,738	243,276	114,356	839,658	0
Compensated absences	5,074,379	2,682,561	4,075,778	3,681,162	2,208,697
Claims payable	0	1,010,692	522,107	488,585	488,585
Net OPEB obligation	33,191,619	4,799,405	2,213,368	35,777,656	0
Governmental activity Long-term liabilities	241,545,718	26,408,178	33,364,761	234,589,135	22,878,728
BUSINESS-TYPE ACTIVITIES					
Installment notes	9,980,805	708,453	889,342	9,799,916	941,080
Post-closure liability	7,033,046	0	261,831	6,771,215	200,353
Net pension liability – LGERS	(245,655)	618,574	190,992	181,927	0
Compensated absences	320,493	180,629	172,479	328,643	129,188
Net OPEB obligation	2,121,953	598,510	147,904	2,572,559	0
Business-type activity Long-term liabilities	19,210,642	2,106,166	1,662,548	19,654,260	1,270,621

ASSETS

CAPITAL ASSETS	GOVERNMENT ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
Land	13,077,443	13,077,443	2,237,356	2,294,473	15,314,799	15,371,916
Land Improvements	4,949,636	4,949,636	633,900	594,794	5,583,536	5,544,430
Water Resources— Lake Orange	481,624	481,624	-	-	481,624	481,624
Buildings	57,884,902	60,694,014	9,753,898	9,005,986	67,638,800	69,700,000
Leasehold improvements	2,302,864	2,473,447	-	-	2,302,864	2,473,447
Sewer Lines	-	-	2,192,718	2,279,852	2,192,718	2,279,852
Automotive Equipment	1,771,739	1,274,522	2,414,518	2,144,539	4,186,257	3,419,061
Office and Other Equipment	2,568,476	2,531,917	-	-	2,568,476	2,531,917
Construction in Progress	20,073,034	20,910,597	30,144	988,281	20,103,178	21,898,878
TOTAL	103,109,718	106,393,200	17,262,534	17,307,925	120,372,252	123,701,125



Orange County Soccer Center



Orange County Bus



- COUNTY PRIORITIES *and* ACCOMPLISHMENTS -

Orange County Mission Statement

Serve the residents of Orange County

Our residents come first

Depend on employees and volunteers

Treat all our residents and all employees with
fairness, respect, and understanding.

- Employee Recognition -

COUNTY PRIORITIES

COMMUNITY SERVICES

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

EDUCATION

- Public education in the County is provided by Chapel Hill-Carrboro City and Orange County School Districts.
- UNC-Chapel Hill and Durham Technical Community College help the County have much higher averages than North Carolina and U.S. in higher education completion.
- Orange County has a Bachelor's Degree attainment average of 26%, compared to the N.C. average of 18.2% and U.S. average of 18.3%. Orange County also has a Graduate Degree or higher attainment average of 30.9%, which is far and above the N.C. and U.S. averages of 9.5% and 11% respectively.



GENERAL GOVERNMENT

- The Board of County Commissioners meets every two weeks, all of which are open to the public.
- The County Manager's Office oversees all 26 departments of Orange County to assure quality levels of service.



HUMAN SERVICES

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



PUBLIC SAFETY

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



COUNTY ACCOMPLISHMENTS

GOVERNMENT EFFICIENCY

- The County continues to exercise fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year.
- The County's continued diligence in the collection of property taxes by maintaining a collection percentage of approximately 99%, higher than the State-wide average of 97%.
- Sales tax revenue, which is the second largest revenue source, increased by approximately \$1.3 million from last year to \$22.9 million.
- The County continued to lead the State in per pupil funding for education at \$3,697 per pupil expenditure.
- County debt service remains below 15% of general fund revenues.
- The unassigned fund balance is 16.2% of expenditures and provides a financial cushion to mitigate unforeseen changes in revenues.
- Strong financial management results in 'AAA' bond rating from all three major rating agencies.



Handmade Puppet Parade



Orange County Library



Orange County West Campus Offices



Cedar Grove Community Center



Department of Social Services Meeting

GLOSSARY OF TERMS

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

assets

What the County owns.

bond referenda

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

business-type activities

Activities financed through fees charged to external parties.

CIP

Construction-In-Progress.

component units

Legally separate organizations for which the County is financially accountable.

deferred inflow of resources

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

deferred outflow of resources

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

Sportsplex

Orange County's family-oriented fitness center.

solid waste

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

GASB

Governmental Accounting Standard Board.

general revenues

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

governmental activities

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

liabilities

What the County owes.

local ordinances

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

net position

Difference between assets and liabilities.

program revenues

Program Revenues is the County's main source of funding (inflow of assets) and is made up mostly of charges for services (both governmental and business-type activities), but also includes operating and capital grants (state or federal).



SWMA

Solid Waste Management Authority.



ORANGE COUNTY
NORTH CAROLINA