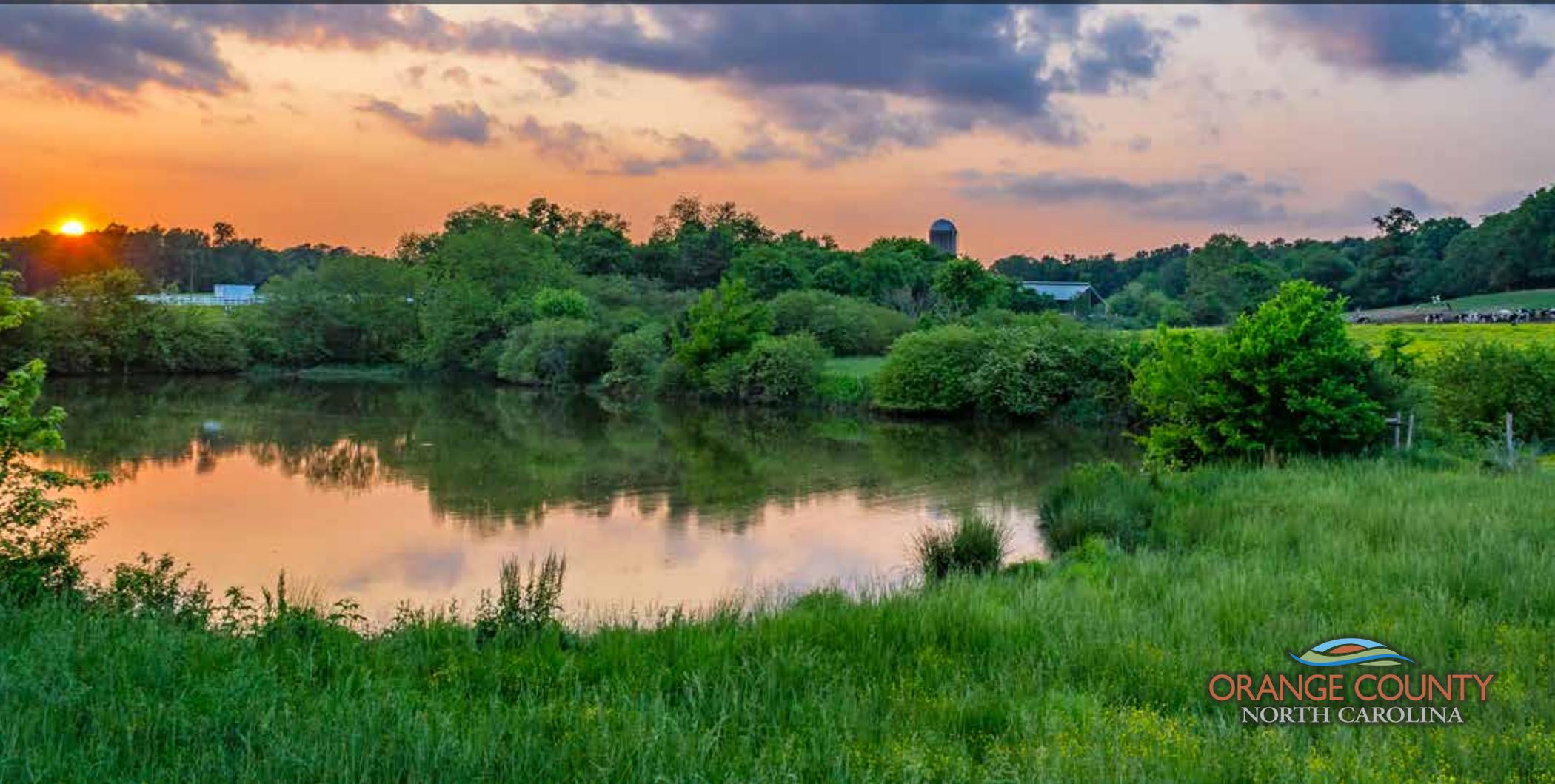


2017 POPULAR ANNUAL FINANCIAL REPORT

for the year ended June 30, 2017



2017 POPULAR ANNUAL FINANCIAL REPORT

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

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

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

Eno River

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Cover Photo: "Sunset at Maple View Farm" by Charles R. Sheppard II, 1st Place Winner (Adult Category) of the 2017 Nature of Orange Photography Contest sponsored by DEAPR.

THE DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICE

Department Mission Statement:

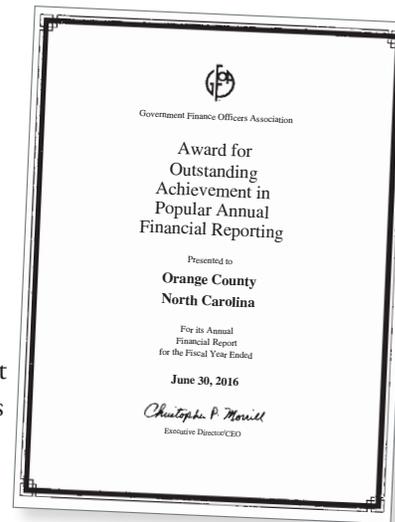
The Department strives to be a strategic partner in providing fiscal leadership, excellent service delivery, and financial accountability for all residents and stakeholders.

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

PAFR REPORTING

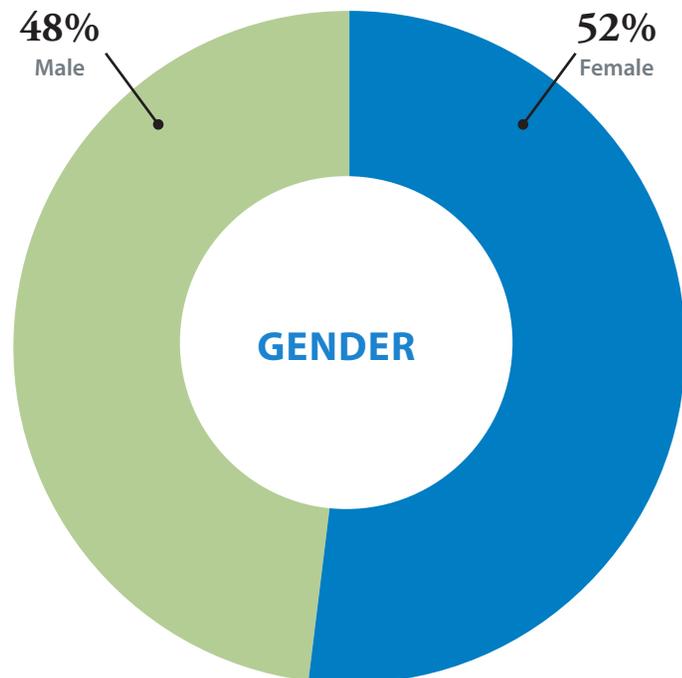
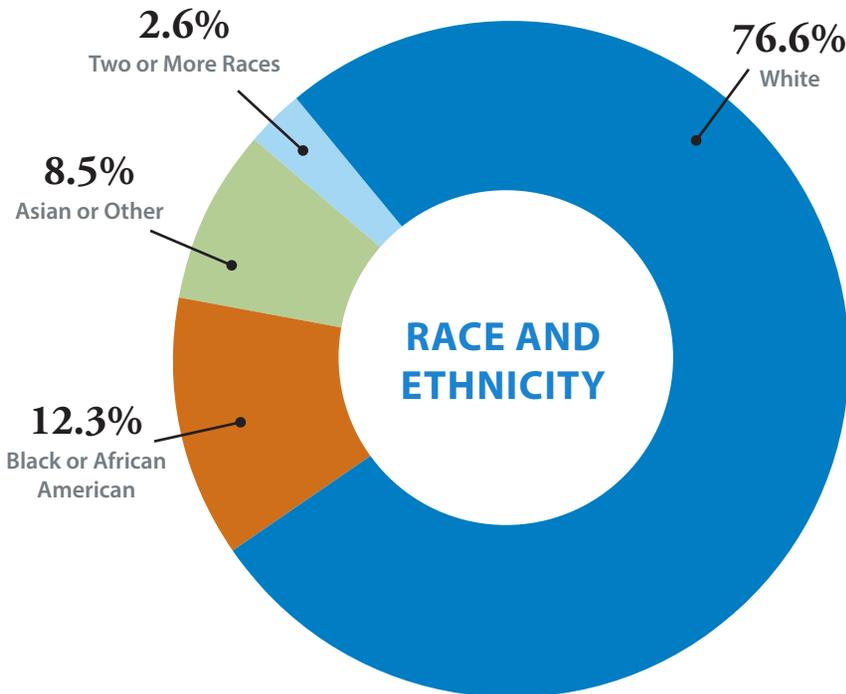
Orange County will submit the PAFR to the Government Finance Officers Association of the United States and Canada (GFOA) and to the residents of Orange County of North Carolina. The goal is to obtain the Award for Outstanding Achievement in Popular Annual Financial Reporting for the second year.

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



ORANGE COUNTY QUICK FACTS

FOUNDED:	1752
GEOGRAPHY:	<i>Land:</i> 398 square miles • <i>Water:</i> 3.5 square miles
DEMOGRAPHICS:	<i>Residents:</i> 143,264 • <i>Median Age:</i> 35.05 • <i>Per capita personal income:</i> \$54,600
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> 90% • <i>Bachelor's Degree:</i> 56.2%



ORANGE COUNTY METRICS

FUNCTION/PROGRAM	2015	2016	2017
GOVERNING AND MANAGEMENT			
Number of animals sheltered	3,246	3,162	2,934
Employment applications received	6,703	8,891	7,519
GENERAL SERVICES			
Incoming calls to Technology Help Desk	11,825	12,416	10,696
Real estate documents processed	19,214	19,969	20,558
Vital records recorded and issued	18,909	20,297	22,164
COMMUNITY AND ENVIRONMENT			
Building permits issued	815	890	891
Building, plumbing, mechanical, and electrical inspections completed	14,900	17,000	16,616
HUMAN SERVICES			
Number of Medicaid cases	12,960	12,496	12,867
Number of families receiving daycare subsidy	685	710	750
Total number of dental patient visits	6,131	6,949	6,924
Family planning clients served	1,812	1,032	1,026

FUNCTION/PROGRAM	2015	2016	2017
PUBLIC SAFETY			
Requests for EMS service	13,810	16,607	16,908
Number of fire inspections	400	308	366
Average number of non-federal inmates per month	173	76	76
CULTURE AND RECREATION			
Library materials circulated at Orange County Library	442,367	450,372	427,632
Number of reference volumes at Orange County Library	2,240	2,897	2,672
EDUCATION			
Average daily membership (NCDPI Planning numbers)	20,202	20,040	19,959
County current expense appropriation per pupil (\$)	3,571	3,697	3,868



KEY COUNTY DATA

POPULATION/GROWTH RATES

According to the United States Census, the County has experienced population growth of 3.4% over the last five years. The following table presents the historical population of Orange County over the past five years.

Source: Orange County Economic Development

ORANGE COUNTY POPULATION

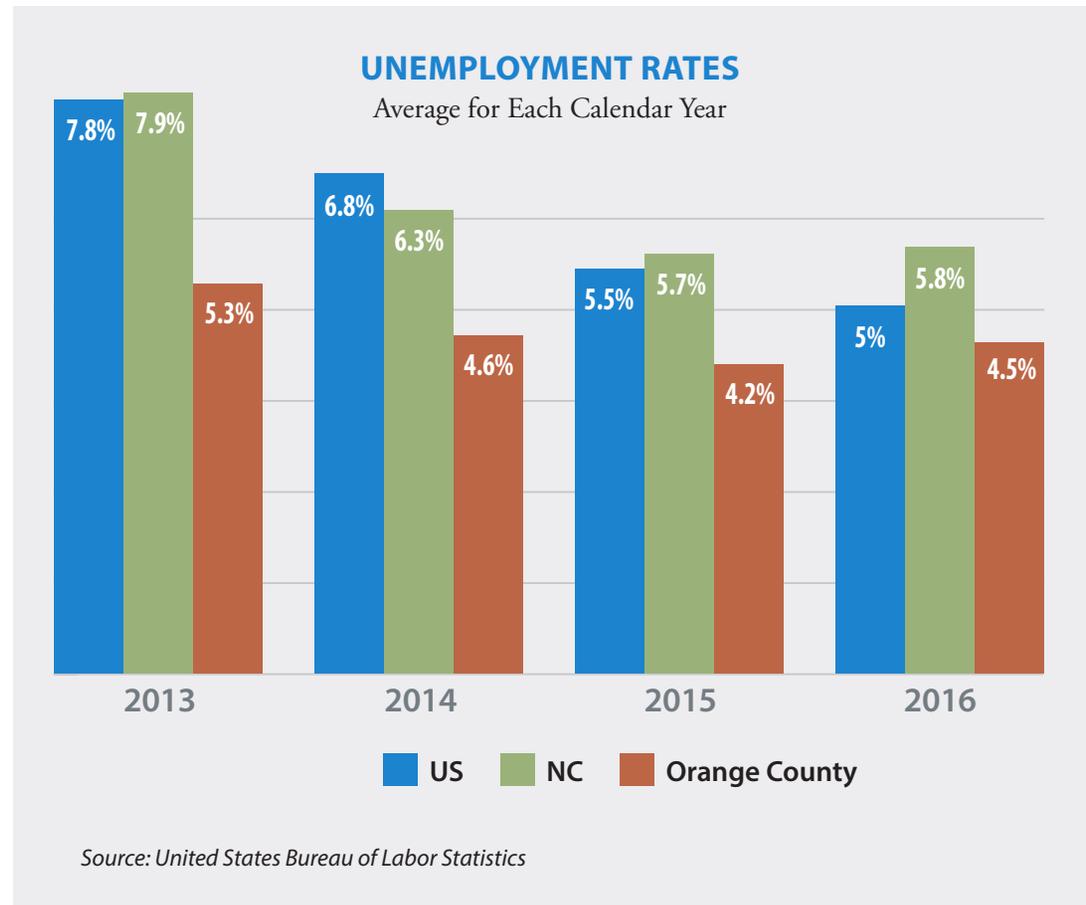
YEAR	POPULATION
2012	138,550
2013	138,330
2014	139,694
2015	141,596
2016	141,704
2017	143,264

Source: North Carolina Office of State Planning

EMPLOYMENT

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

Per the U.S. Bureau of Labor and Economic Analysis, the County's unemployment rate of 4.5% was below the state rate of 5.8% and national rate of 5.0%.



KEY COUNTY DATA

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

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

2017 TOP 10 EMPLOYERS

	EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
1	UNC Health Care	13,175	18.2%
2	UNC-Chapel Hill	12,411	17.2%
3	Chapel Hill-Carrboro City Schools	2,043	2.8%
4	Orange County Schools	1,311	1.8%
5	Orange County Government	1,115	1.5%
6	Town of Chapel Hill	903	1.2%
7	General Electric	521	0.7%
8	Sports Endeavors Inc.	416	0.5%
9	Aramark Services	379	0.5%
10	UNC Physicians	45	0.06%
	TOTAL	32,319	44.51%



ORANGE COUNTY GOVERNMENT

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

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



BOARD OF COUNTY COMMISSIONERS OF ORANGE COUNTY

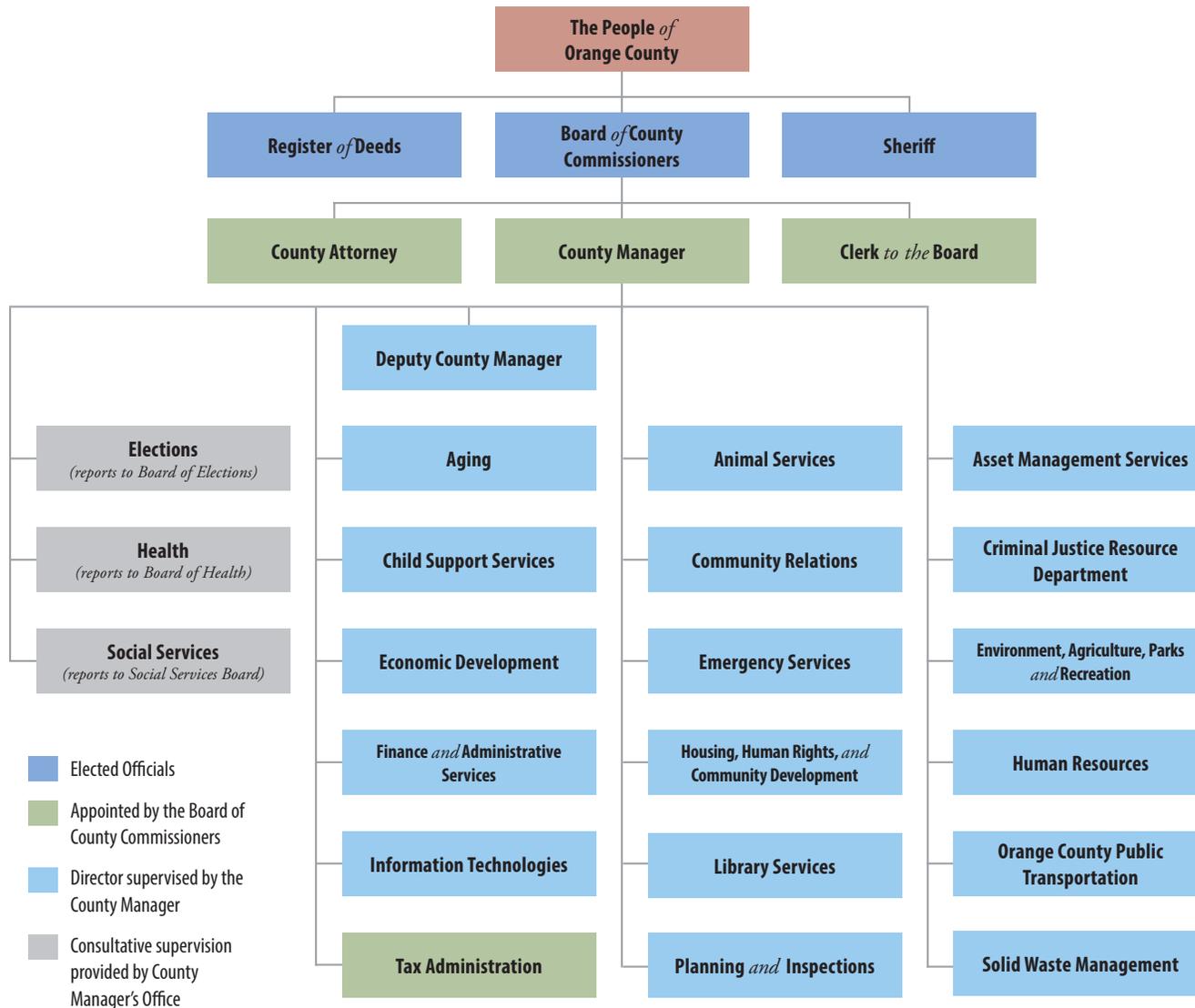
From left to right:

Renee Price, Barry Jacobs, Mark Marcoplos, Mia Day Burroughs, Mark Dorosin, Earl McKee, Penny Rich.

You may call the
Clerk to the Board at
919.245.2130.

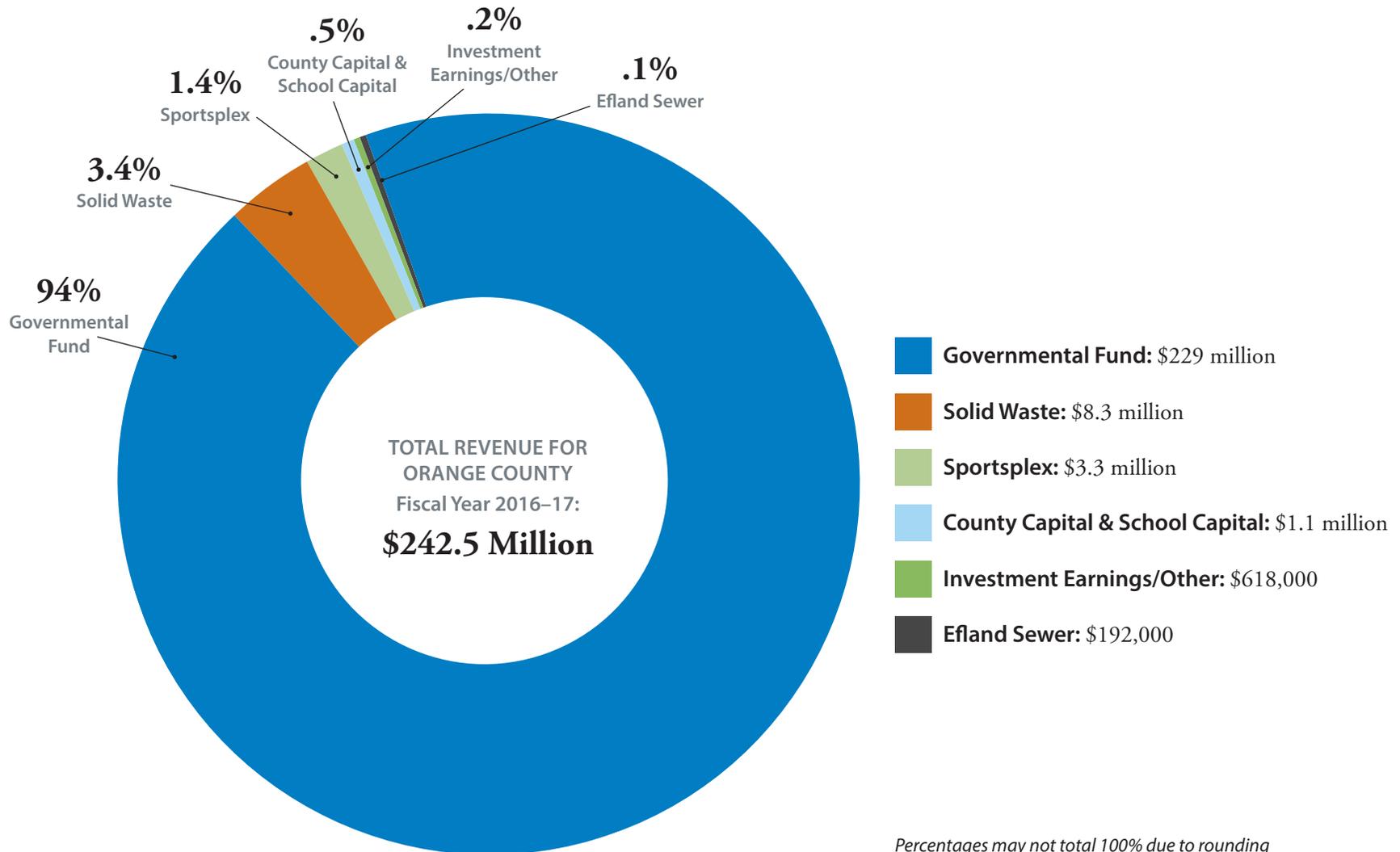
The Clerk's office is located at
200 S. Cameron Street in
Hillsborough, NC.

ORGANIZATIONAL STRUCTURE



REVENUES

PERCENTAGE OF COUNTY'S TOTAL REVENUE



NET POSITION

STATEMENT OF NET POSITION AS OF JUNE 30, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
TOTAL ASSETS	222,097,776	33,889,009	255,986,785
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,136,214	832,007	14,968,221
TOTAL LIABILITIES*	(252,087,633)	(23,552,681)	(275,640,314)
TOTAL DEFERRED INFLOWS OF RESOURCES	(1,088,906)	(32,742)	(2,064,685)
TOTAL NET POSITION	(16,942,549)	11,135,593	(5,806,956)

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



GENERAL FUND

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

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

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

2017
\$4 MILLION
GENERAL FUND REVENUE INCREASE

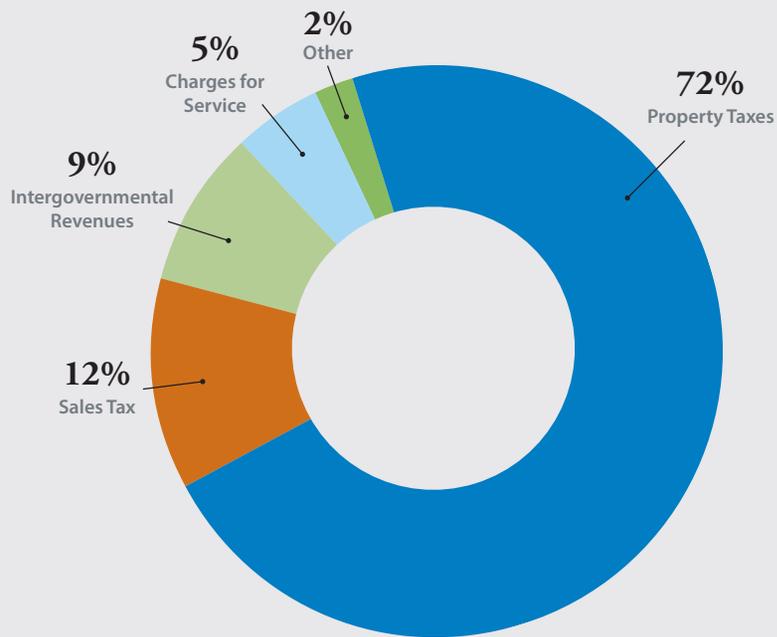


GENERAL FUND

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

GENERAL FUND

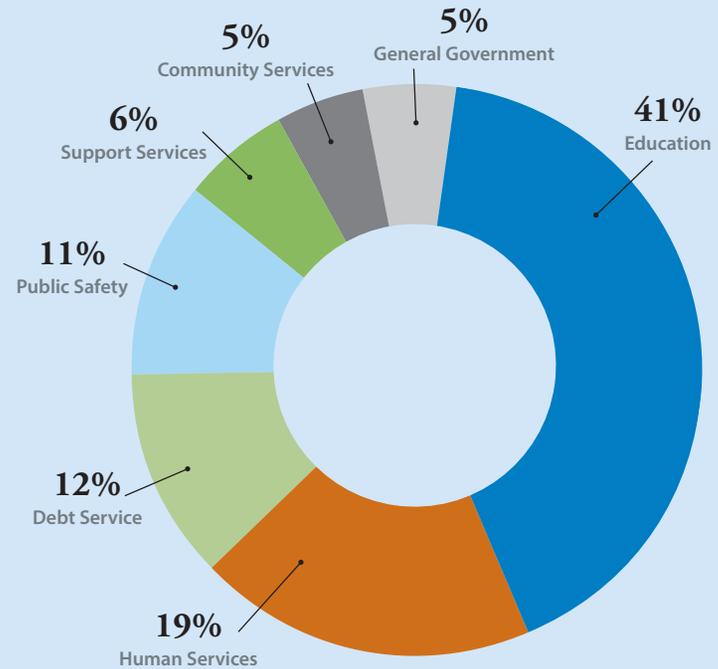
WHERE THE MONEY COMES FROM



Taxes comprise the vast majority of general fund revenues at 84%. Property taxes are the largest funding source at about 72% of total revenues. Intergovernmental revenues, comprised of grants and pass-through funds, are 9% of total revenues.

Sales tax represents approximately 12% of total revenues, while charges for services comprises approximately 5%. *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 19% of total expenditures, and public safety comprises 11% of total general fund expenditures.

Community services, general government, and support services comprise 16% of total expenditures. Debt service expenditures comprise 12% of total general fund expenditures.

DEBT

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

Moody's Investor Services: Aaa	Standard & Poor's: AAA	Fitch IBCA: AAA
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LONG-TERM DEBT	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
General obligation bonds	59,280,000	0	8,850,000	50,430,000	10,190,000
Installment notes payable	118,995,610	10,144,283	11,184,118	117,955,775	12,373,554
Revolving loan payment	2,533,957	0	145,640	2,388,317	145,640
Bond premium	9,995,850	0	2,613,005	7,382,845	0
Net pension liability – LGERS	2,996,657	16,049,037	3,327,391	15,718,303	0
Law enforcement officers' SSA pension obligation	-	253,136	142,705	3,542,524	0
Compensated absences	3,681,162	2,806,007	3,221,748	3,265,421	1,959,253
Claims payable	488,585	240,197	127,558	601,224	601,224
Net OPEB obligation	35,777,656	6,322,484	2,942,916	39,157,224	0
Governmental activity Long-term liabilities	237,181,570	35,815,144	33,364,761	240,441,633	25,269,671
BUSINESS-TYPE ACTIVITIES					
Installment notes	9,799,916	3,326,717	941,082	12,185,551	969,047
Post-closure liability	6,771,215	0	82,966	6,688,249	206,688
Net pension liability – LGERS	181,927	950,258	197,799	943,386	0
Compensated absences	328,643	184,830	299,717	213,756	128,254
Net OPEB obligation	2,572,559	426,538	357,852	2,641,245	0
Business-type activity Long-term liabilities	19,210,642	4,888,343	1,879,416	22,663,187	1,303,989

ASSETS

CAPITAL ASSETS	GOVERNMENT ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2017	2016	2017	2016	2017	2016
Land	14,501,148	13,077,443	1,619,059	2,237,356	16,120,207	15,314,799
Land Improvements	4,949,636	4,949,636	615,889	633,900	5,565,525	5,583,536
Water Resources—Lake Orange	481,624	481,624	-	-	481,624	481,624
Buildings	54,941,117	57,884,902	9,282,705	9,753,898	64,223,822	67,638,800
Leasehold improvements	2,132,281	2,302,864	-	-	2,132,281	2,302,864
Sewer Lines	-	-	2,105,584	2,192,718	2,105,584	2,192,718
Automotive Equipment	2,227,128	1,771,739	1,854,557	2,414,518	4,081,685	4,186,257
Office and Other Equipment	2,314,530	2,568,476	-	-	2,314,530	2,568,476
Construction in Progress	21,138,356	20,073,034	885,884	30,144	22,024,240	20,103,178
TOTAL	102,685,820	103,109,718	16,363,678	17,262,534	119,049,498	120,372,252



Orange County Soccer Center



Orange County Transit

COUNTY PRIORITIES

COMMUNITY SERVICES

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



EDUCATION

- Public education in the County is provided by Chapel Hill-Carrboro City Schools and the Orange County School District.
- UNC-Chapel Hill and Durham Technical Community College help the County have much higher averages than North Carolina and U.S. in higher education completion.
- Orange County has a Bachelor's Degree attainment average of 26%, compared to the N.C. average of 18.2% 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 departments of Orange County to assure quality levels of service.

HUMAN SERVICES

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



PUBLIC SAFETY

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

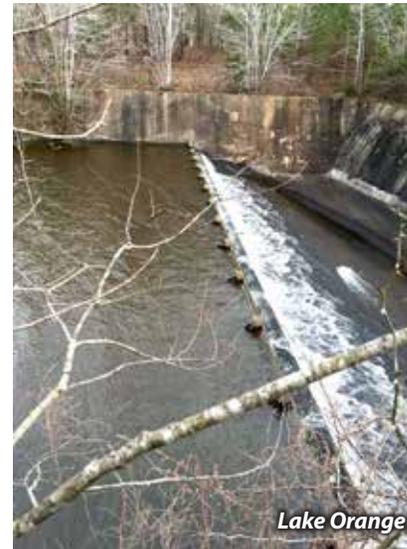
Orange County Mission Statement:

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

COUNTY ACCOMPLISHMENTS

GOVERNMENT EFFICIENCY

- The County exercises fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year.
- The County maintains a property tax collection percentage of approximately 99%, higher than the statewide average of 97%.
- Sales tax revenue, which is the second largest revenue source, increased by approximately \$1 million from last year to \$24.4 million.
- The County continues to rank second in the state for local education funding at \$3,868 per pupil.
- County debt service remains below 15% of general fund revenues.
- The unassigned fund balance is 16.8% 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.



Lake Orange



Whitted Building



Department of Social Services Meeting



West Campus Offices



Cedar Grove Community Center

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 includes charges for services, operating grants and capital grants (state or federal).

SWMA

Solid Waste Management Authority.





ORANGE COUNTY
NORTH CAROLINA