

2019 POPULAR ANNUAL FINANCIAL REPORT

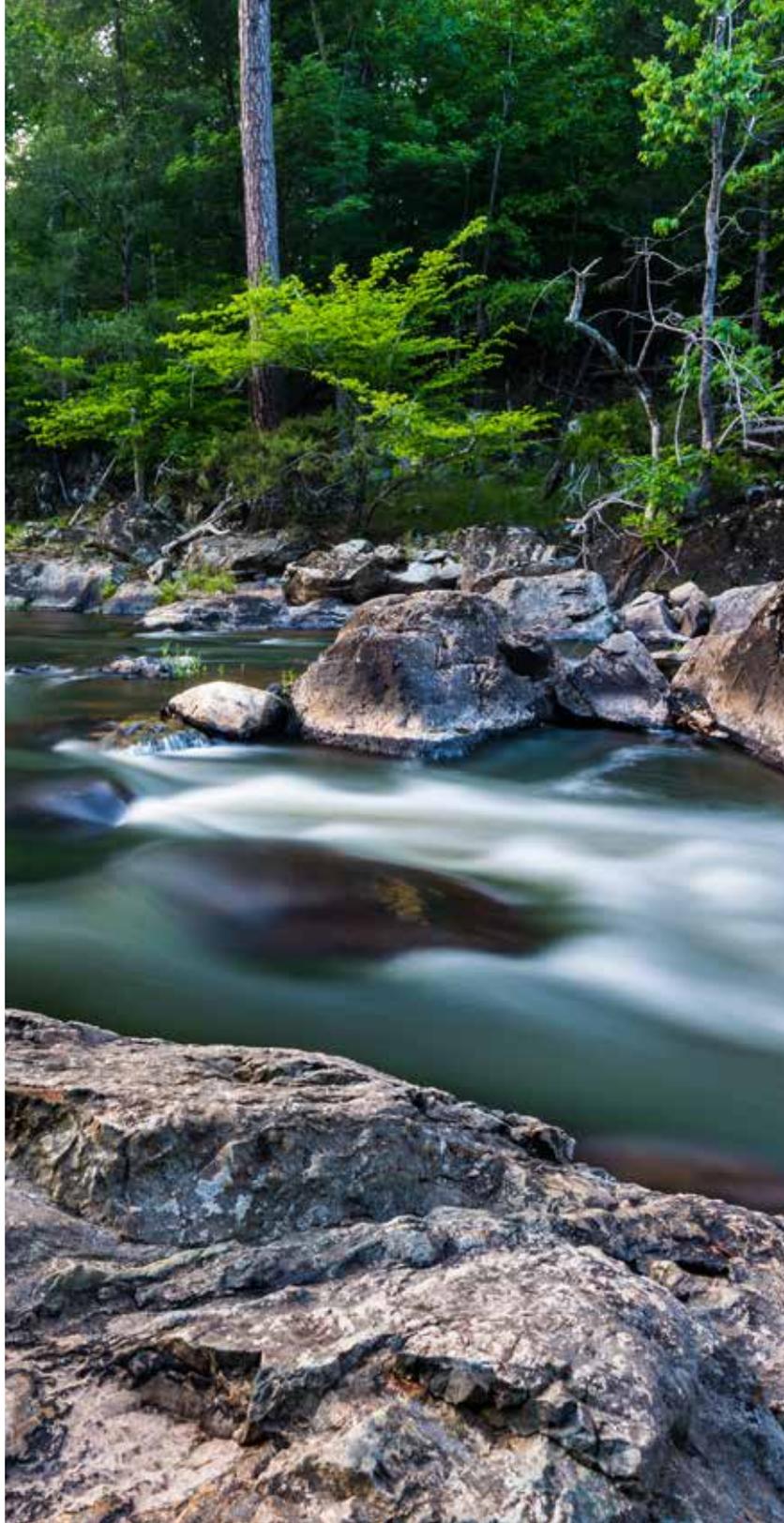
for the year ended June 30, 2019

2019 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/CAFR**



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Cover photo, "Axis Mundi" by Joel Elliott and photo at left, "Silky Eno" by Charles R. Sheppard II.

THE DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Department Mission Statement:

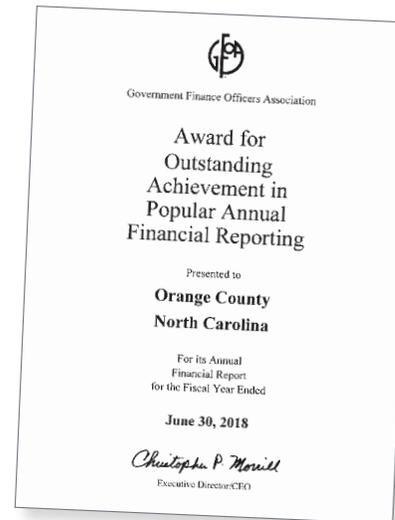
The Department strives to be a strategic partner in providing fiscal leadership, excellent service delivery, and financial accountability for all residents and stakeholders.

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

PAFR REPORTING

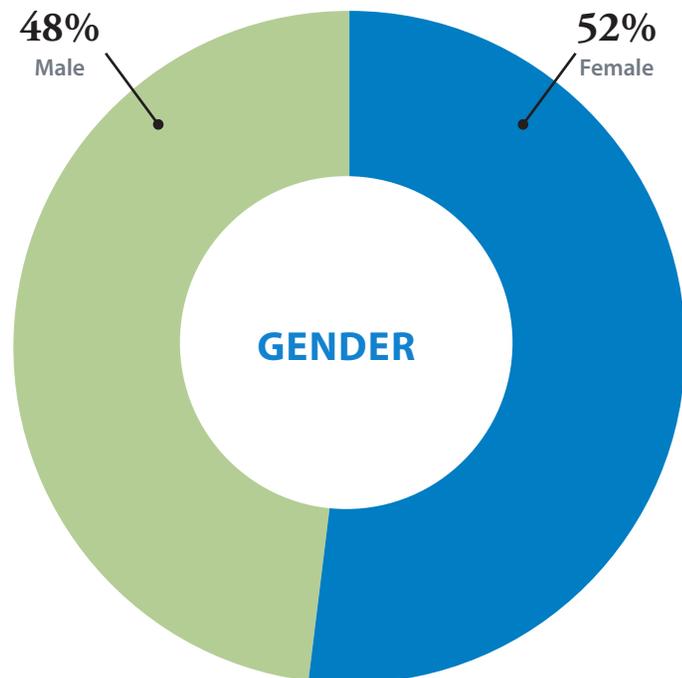
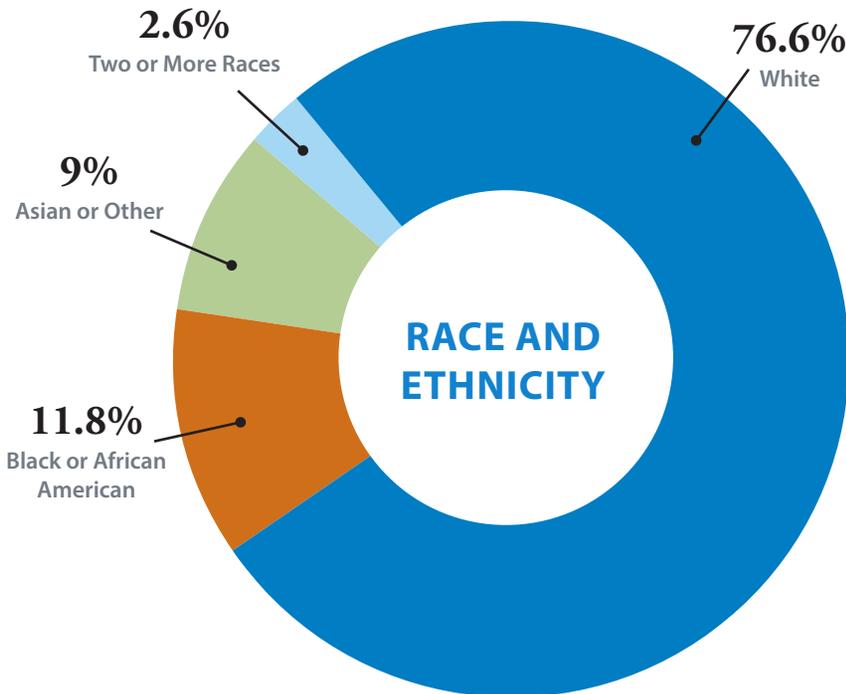
Orange County will submit the PAFR to the Government Finance Officers Association of the United States and Canada (GFOA) and to the residents of Orange County of North Carolina. The goal is to obtain the Award for Outstanding Achievement in Popular Annual Financial Reporting for the third year.

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



ORANGE COUNTY QUICK FACTS

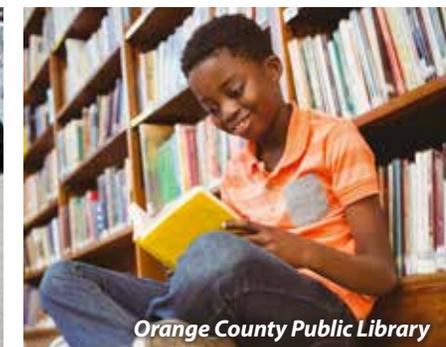
FOUNDED:	1752
GEOGRAPHY:	<i>Land:</i> 398 square miles • <i>Water:</i> 3.5 square miles
DEMOGRAPHICS:	<i>Residents:</i> 144,372 • <i>Median Age:</i> 34 • <i>Per capita personal income:</i> \$67,385
RACE AND ETHNICITY:	<i>White:</i> 76.6% • <i>Black or African American:</i> 11.8% • <i>Asian or other:</i> 9% • <i>Two or more races:</i> 2.6%
GENDER:	<i>Female:</i> 52% • <i>Male:</i> 48%
EDUCATION:	<i>High School Graduates:</i> 92.7% • <i>Bachelor's Degree:</i> 57.6%



ORANGE COUNTY METRICS

FUNCTION/PROGRAM	2017	2018	2019
GOVERNING AND MANAGEMENT			
Number of animals sheltered	2,934	2,966	3,058
Employment applications received	7,519	6,453	6,793
GENERAL SERVICES			
Incoming calls to Technology Help Desk	10,696	10,842	10,351
Real estate documents processed	20,558	18,740	16,357
Vital records recorded and issued	22,164	20,945	2,339
COMMUNITY AND ENVIRONMENT			
Building permits issued	891	986	1,045
Building, plumbing, mechanical, and electrical inspections completed	16,616	18,477	17,443
HUMAN SERVICES			
Number of Medicaid cases	12,867	13,066	12,033
Number of families receiving daycare subsidy	750	721	792
Total number of dental patient visits	6,924	6,840	7,215
Family planning clients served	1,026	829	772

FUNCTION/PROGRAM	2017	2018	2019
PUBLIC SAFETY			
Requests for EMS service	16,908	17,227	18,306
Number of fire inspections	366	350	511
Average number of non-federal inmates per month	76	75	75
CULTURE AND RECREATION			
Library materials circulated at Orange County Library	427,632	463,348	434,993
Number of reference volumes at Orange County Library	2,672	2,813	2,725
EDUCATION			
Average daily membership (NCDPI Planning numbers)	19,959	20,232	20,398
County current expense appropriation per pupil (\$)	3,868	3,991	4,165



KEY COUNTY DATA

POPULATION/GROWTH RATES

According to the United States Census, the County has experienced population growth of 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
2014	140,185
2015	140,841
2016	142,364
2017	142,830
2018	144,372
2019	146,393*

Source: NC Office of Management and Budget, population estimates are adjusted to match annual updates.

*Projection

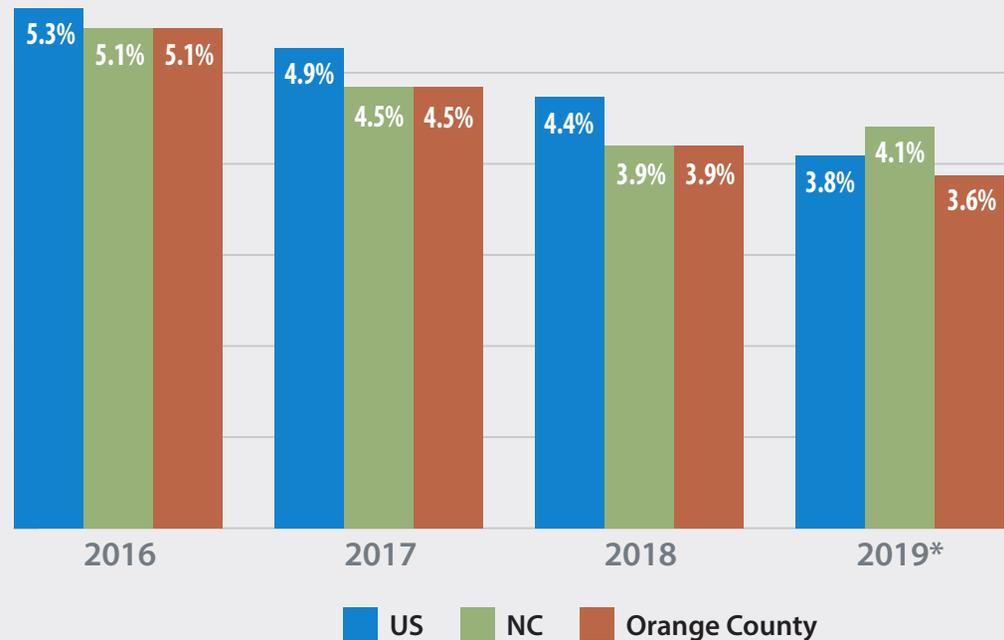
EMPLOYMENT

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

Per the U.S. Bureau of Labor and Economic Analysis, the County's 2019 unemployment rate of 3.6% was below the state rate of 4.1% and national rate of 3.8%.

UNEMPLOYMENT RATES

Average for Each Calendar Year



Source: United States Bureau of Labor Statistics

*January 1 - October 30, 2019

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.

2019 TOP 10 EMPLOYERS

	EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
1	UNC Health Care	12,742	16.1%
2	UNC-Chapel Hill	12,274	15.5%
3	Chapel Hill-Carrboro City Schools	1,776	2.2%
4	Orange County Government	1,135	1.4%
5	Orange County Schools	1,031	1.3%
6	Town of Chapel Hill	949	1.2%
7	UNC Physicians	697	0.9%
8	ABB (Formerly General Electric)	552	0.7%
9	AKG of America	446	0.6%
10	Aramark Services	379	0.5%
	TOTAL	31,981	40.4%



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.



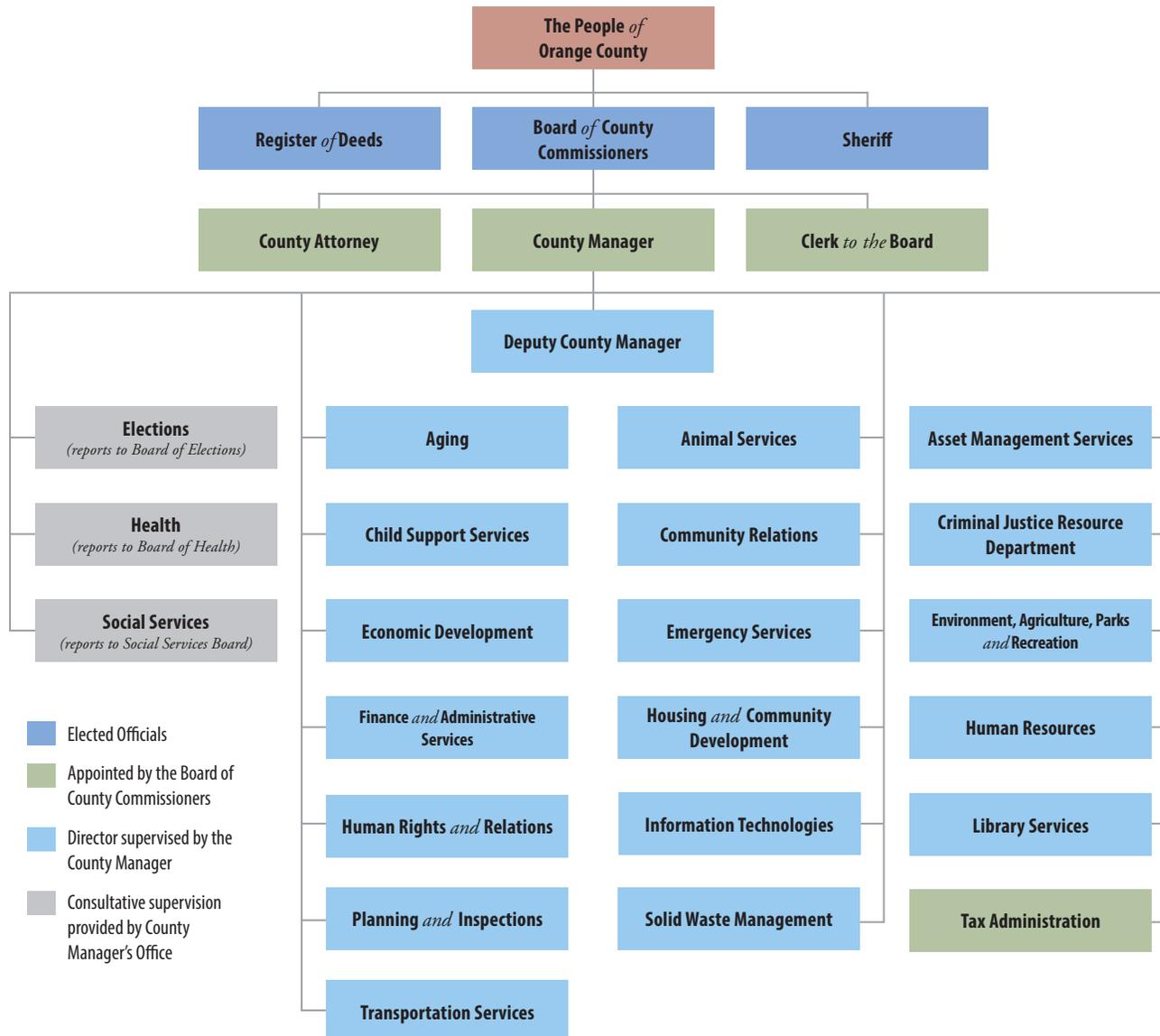
BOARD OF COUNTY COMMISSIONERS OF ORANGE COUNTY

From left to right: Mark Dorosin, Vice Chair Renee Price, Mark Marcoplos, Chair Penny Rich, Sally Greene, Earl McKee, Jamezetta Bedford.

You may call the
Clerk to the Board at
919.245.2130

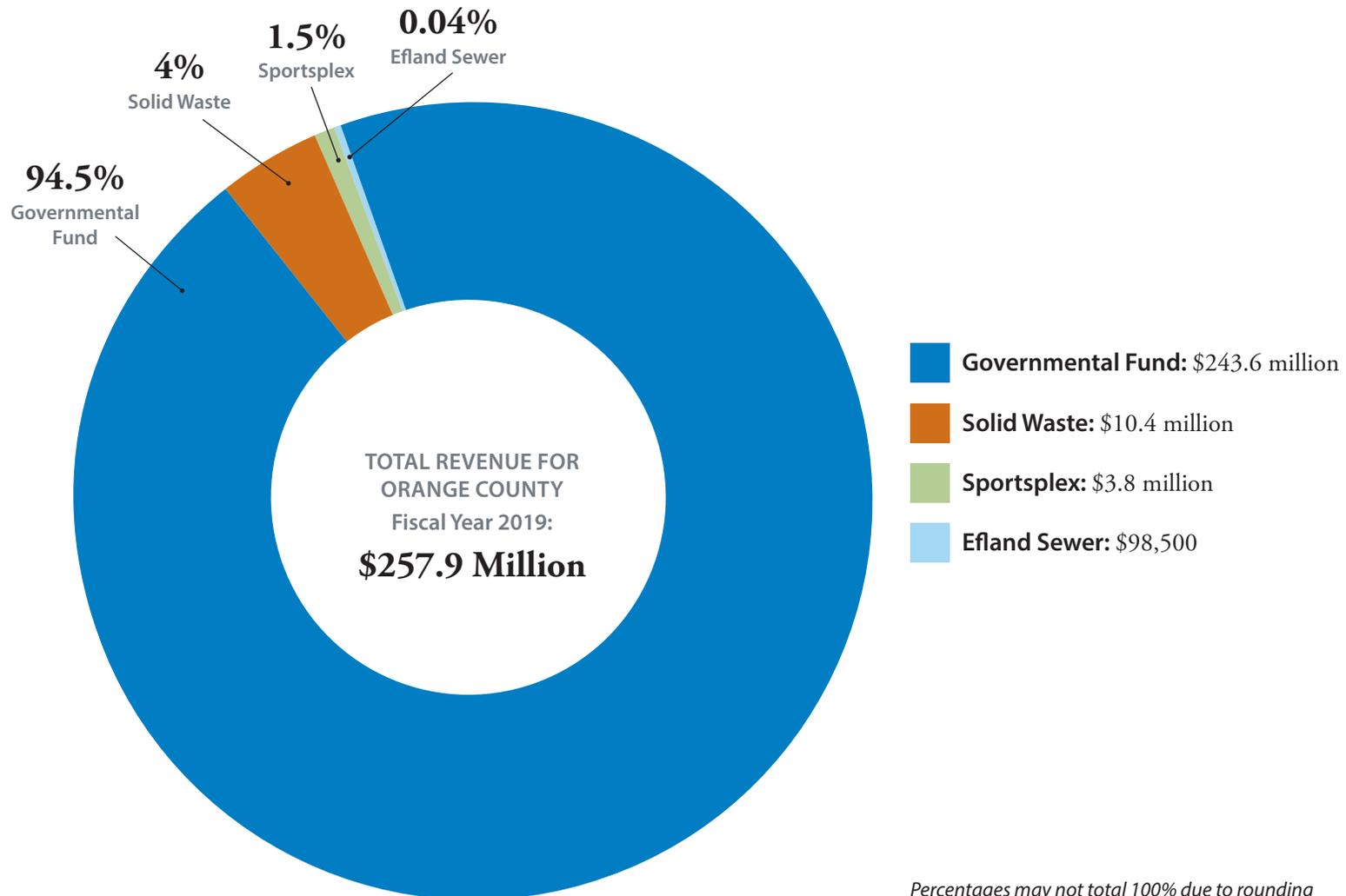
The Clerk's office is located at
300 West Tryon Street in
Hillsborough, NC.

ORGANIZATIONAL STRUCTURE



REVENUES

PERCENTAGE OF COUNTY'S TOTAL REVENUE



NET POSITION

STATEMENT OF NET POSITION AS OF JUNE 30, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
TOTAL ASSETS	286,388,122	35,844,776	322,232,898
TOTAL DEFERRED OUTFLOWS OF RESOURCES	23,333,249	789,059	24,122,308
TOTAL LIABILITIES*	(403,034,121)	(20,148,000)	(423,182,121)
TOTAL DEFERRED INFLOWS OF RESOURCES	(5,182,246)	(86,787)	(5,269,033)
TOTAL NET POSITION	(98,494,996)	16,399,048	(82,095,948)

* 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).

2019
\$9.5 MILLION
GENERAL FUND REVENUE INCREASE

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

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

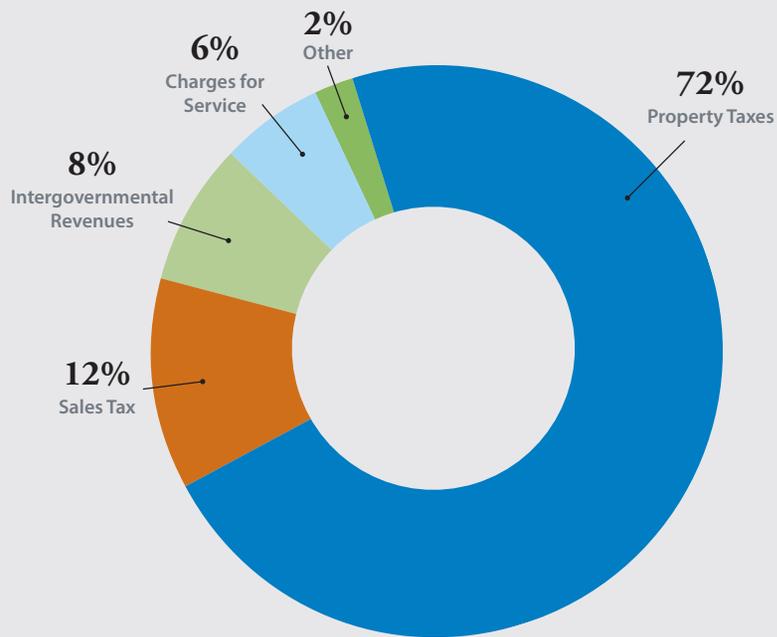


GENERAL FUND

	2014	2015		2016	2017	2018	2019
REVENUES							
Property taxes	143,134,890	145,833,869	Property taxes	148,167,340	150,063,192	154,116,874	158,975,376
Sales tax	19,896,974	21,685,840	Sales tax	22,992,165	24,409,044	25,678,026	27,844,579
Intergovernmental revenues	20,150,227	20,594,979	Intergovernmental revenues	20,502,657	19,807,744	17,328,187	17,594,067
Charges for service	10,390,281	11,944,185	Charges for service	10,221,627	11,423,942	12,322,736	12,215,839
Investment earnings	10,429	15,051	Investment earnings	151,392	437,172	800,469	1,158,576
Licenses & permits	324,537	331,510	License & permits	313,275	314,454	303,986	288,988
Miscellaneous	642,251	985,124	Miscellaneous	1,802,553	1,965,108	2,432,400	2,581,039
Total revenues	194,549,589	201,390,558		204,151,009	208,420,656	212,982,678	220,658,464
EXPENDITURES							
Governing & management	13,027,305	13,050,437	Community services	10,260,958	11,372,118	11,967,488	12,391,965
General services	6,489,317	7,589,861	General government	9,369,732	8,062,146	9,515,280	9,690,362
Community & environment	6,028,358	6,391,893	Public safety	22,306,159	23,100,639	24,065,971	24,029,259
Human services	35,732,832	37,008,858	Human services	39,597,192	38,472,323	36,449,383	37,412,281
Education	69,657,252	76,847,414	Education	78,837,341	84,295,676	89,975,647	90,688,339
Public safety	20,369,551	20,945,780	Support services	11,661,104	13,929,639	12,974,342	12,626,572
Cultural & recreational	2,395,681	2,647,079	Debt service:				
Debt service: Principal	18,803,953	19,344,248	Principal	19,519,042	19,307,488	20,730,642	21,359,375
Interest	6,680,919	8,052,975	Interest	6,594,944	6,530,451	6,733,833	8,159,291
Total expenditures	179,185,168	191,878,545		198,146,472	205,070,480	212,412,586	216,357,444
REVENUES OVER (UNDER) EXPENDITURES	15,364,421	9,512,013		6,004,537	3,350,176	570,092	4,301,020

GENERAL FUND

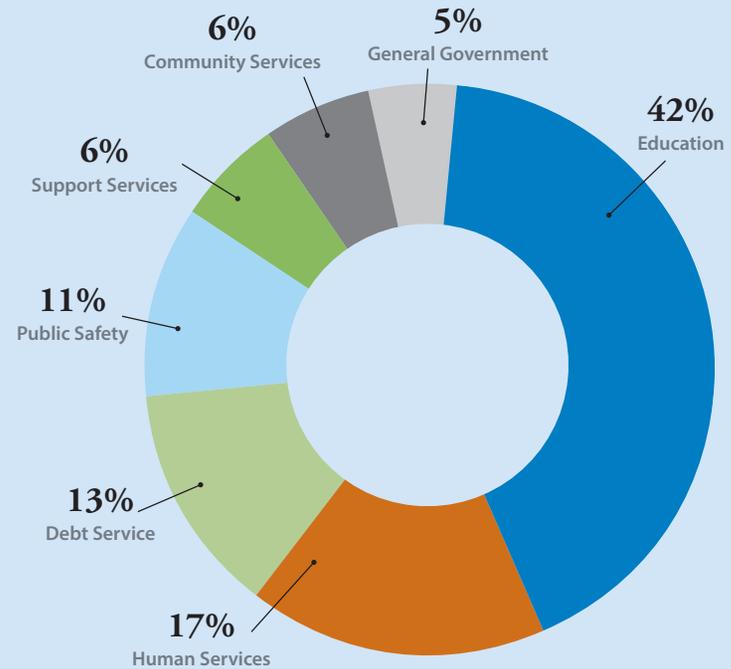
WHERE THE MONEY COMES FROM



Taxes comprise the vast majority of general fund revenues at 82%. Property taxes are the largest funding source at about 68% of total revenues. Intergovernmental revenues, comprised of grants and pass-through funds, are 10% of total revenues.

Sales tax represents approximately 14% 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 15.2% of total expenditures, and public safety comprises 11% of total general fund expenditures.

Community services, general government, and support services comprise 12.8% of total expenditures. Debt service expenditures comprise 11% of total general fund expenditures.

DEBT

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

LONG-TERM DEBT	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
General obligation bonds	78,429,318	68,895,553	(12,109,208)	135,215,663	10,010,000
Installment notes payable	117,373,605	14,850,678	(12,877,060)	119,347,223	11,873,518
Revolving loan - direct borrowing	2,242,677	-	(145,640)	2,097,037	145,640
Net pension liability - LGERS	10,932,395	10,188,577	(4,033,779)	17,087,193	-
Total pension liability - LEOSSA	4,016,727	519,273	(358,844)	4,177,156	-
Compensated absences	3,728,489	1,432,143	(1,173,512)	3,987,120	2,392,272
Claims payable	654,715	231,902	(283,662)	602,955	602,955
Net OPEB liability	95,924,108	14,082,983	(3,288,396)	106,718,695	-
Long-Term Liabilities	313,302,034	110,201,109	(34,270,101)	389,233,042	25,024,385
BUSINESS-TYPE ACTIVITIES					
Installment notes	11,493,031	1,600,289	(1,095,584)	11,997,736	1,055,541
Postclosure liability	5,719,114	305,075	(176,118)	5,848,071	217,800
Net pension liability - LGERS	649,884	597,567	(244,825)	1,002,626	
Compensated absences	241,826	158,527	(147,514)	252,839	151,704
Long-Term Liabilities	18,103,855	2,661,458	(1,664,041)	19,101,272	1,425,045

ASSETS

CAPITAL ASSETS	GOVERNMENT ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2019	2018	2019	2018	2019
Land	14,948,778	15,124,298	1,619,059	1,619,059	16,567,837	16,743,357
Land Improvements	4,949,636	4,949,636	597,878	579,867	5,547,514	5,529,503
Water Resources—Lake Orange	481,624	481,624	-	-	481,624	481,624
Buildings	52,003,855	49,509,584	8,814,391	8,345,474	60,818,246	57,855,058
Leasehold improvements	1,961,698	1,791,115	-	-	1,961,698	1,791,115
Sewer Lines	-	-	2,018,451	1,931,317	2,018,451	1,931,317
Automotive Equipment	1,410,086	1,198,835	1,404,470	1,301,394	2,814,556	2,500,229
Office and Other Equipment	3,643,878	4,578,142	-	-	3,643,878	4,578,142
Construction in Progress	22,444,421	27,617,954	4,939,464	6,495,693	27,383,885	34,113,647
TOTAL	101,843,976	105,251,188	19,393,713	20,272,804	121,237,689	125,523,992



Orange County Soccer Center



Eubanks Road Waste & Recycling Center

COUNTY PRIORITIES

COMMUNITY SERVICES

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



EDUCATION

- Public education in the County is provided by Chapel Hill-Carrboro City Schools and the Orange County School District.
- UNC-Chapel Hill and Durham Technical Community College help the County have much higher averages than North Carolina and U.S. in higher education completion.
- Orange County has a Bachelor's Degree attainment average of 25.8%, compared to the N.C. average of 19.2% and U.S. average of 19.1%. Orange County also has a Graduate Degree or higher attainment average of 31.8%, which is far and above the N.C. and U.S. averages of 10.6% and 11.8% respectively.

GENERAL GOVERNMENT

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

HUMAN SERVICES

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



PUBLIC SAFETY

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

Orange County Mission Statement:

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

COUNTY ACCOMPLISHMENTS

GOVERNMENT EFFICIENCY

- The County exercises fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year.
- The County maintains a property tax collection percentage of approximately 99%, higher than the statewide average of 97%.
- Sales tax revenue, which is the second largest revenue source, increased by approximately \$2.2 million from last year to \$27.8 million.
- The County continues to lead the state in per pupil funding for education.
- County debt service remains below 15% of general fund revenues.
- The unassigned fund balance is 16.5% of expenditures and provides a financial cushion to mitigate unforeseen changes in revenues.
- Strong financial management results in 'AAA' bond rating from all three major rating agencies.



GLOSSARY OF TERMS

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

Assets

What the County owns.

Bond referenda

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

Business-type activities

Activities financed through fees charged to external parties.

CIP

Construction-In-Progress.

Component units

Legally separate organizations for which the County is financially accountable.

Deferred inflow of resources

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

Deferred outflow of resources

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

Sportsplex

Orange County's family-oriented fitness center.

Solid waste

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

GASB

Governmental Accounting Standard Board.

General Revenues

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

Governmental activities

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

Liabilities

What the County owes.

Local ordinances

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

Net position

Difference between assets and liabilities.

Program Revenues

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

SWMA

Solid Waste Management Authority.





ORANGE COUNTY
NORTH CAROLINA