

# 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

*for the year ended June 30, 2022*



**ORANGE COUNTY**  
NORTH CAROLINA

# ORANGE COUNTY, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022



Prepared by:  
Department of Finance

Submitted by:  
Gary Donaldson, MBA, MPA, CTP

**ORANGE COUNTY, NORTH CAROLINA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	i
GFOA Certificate of Achievement	vi
Board of County Commissioners	vii
Organizational Chart	ix
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
<b><i>Basic Financial Statements</i></b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position	13
Statement of Activities	14
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds and Reconciliation of the Total Governmental Fund Balances to the Statement of Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds and Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - COVID-19 Relief Fund	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Coronavirus State and Local Fiscal Recovery Fund	24
Statement of Fund Net Position - Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27
Statement of Fiduciary Net Position	29
Statement of Changes in Fiduciary Net Position	30
<b>Notes to Financial Statements</b>	<b>31</b>
<b><i>Required Supplementary Information</i></b>	
<b>Pension and OPEB schedules:</b>	
Schedule of Changes in the County's Net OPEB Liability and Related Ratios - OPEB Retirement Plan	88
Schedule of County Contributions - OPEB Retirement Plan	90
Schedule of OPEB Investment Returns - OPEB Retirement Plan	92
Schedule of Changes in Total Pension Liability - LEOSSA	94
Schedule of Total Pension Liability as a Percentage of Covered Payroll - LEOSSA	96
Schedule of County's Proportionate Share of Net Pension Liability (Asset) - LGERs	98
Schedule of County's Contributions - LGERs	100
Schedule of County's Proportionate Share of Net Pension Asset - RDSPP	102
Schedule of County's Contributions - RDSPP	104
<b><i>Supplementary Information</i></b>	
<b>Major Funds:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - County Capital Improvements Fund	106
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - School Capital Improvements Fund	107
Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual (NON-GAAP) - Solid Waste Fund	108
Schedule of Revenues, Expenditures and Other Financing Sources - Budget and Actual - Solid Waste Capital Projects Fund	109

**ORANGE COUNTY, NORTH CAROLINA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>FINANCIAL SECTION (CONTINUED)</b>	
<i>Supplementary Information (Continued)</i>	
<b>Major Funds (Continued):</b>	
Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual (NON-GAAP) - SportsPlex Fund	110
Schedule of Revenues, Expenditures and Other Financing Sources - Budget and Actual - SportsPlex Capital Projects Fund	111
<b>Non-Major Governmental Funds:</b>	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	116
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	120
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Local Fire Districts Fund	123
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Grant Supported Fund	124
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Grant Projects Fund	125
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Sheriff Forfeitures Fund	126
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Community Development Fund	127
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Section 8 Housing Fund	128
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Article 46 Sales Tax Fund	129
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Emergency Telephone System Fund	130
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Visitors Bureau Fund	131
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Spay/Neuter Fund	132
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - DSS Client Services Fund	133
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Recreation Subdivision Fund	134
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Small Business Loans Fund	135
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library Development Fund	136
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Mental Health Insurance Fund	137
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Representative Payee Fund	138
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Communication Tower Trust Fund	139
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - School District Fund	140
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Orange County Giving Fund	141
<b>Non-Major Proprietary Funds:</b>	
Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual (NON-GAAP) - Dental and Health Insurance Fund	142
<b>Fiduciary Funds:</b>	
Combining Statement of Fiduciary Net Position - Custodial Funds	143
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds	144

**ORANGE COUNTY, NORTH CAROLINA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**TABLE OF CONTENTS**

	Page
<b>FINANCIAL SECTION (CONTINUED)</b>	
<i>Supplementary Information (Continued)</i>	
<b>Additional Financial Data:</b>	
Schedule of Ad Valorem Taxes Receivable	145
Analysis of Current Tax Levy	146
 <b>STATISTICAL SECTION</b>	
<u>Table</u>	
<b>Financial Trends:</b>	
1 Net Position by Component	147
2 Changes in Net Position...	149
3 Fund Balances - Governmental Funds	153
4 Changes in Fund Balances - Governmental Funds	155
Revenue Capacity:	
5 Assessed Values and Actual Values of Taxable Property	157
6 Direct and Overlapping Property Tax Rates	159
7 Principal Property Tax Payers	161
8 Property Tax Levies and Collections	163
Debt Capacity:	
9 Ratios of Outstanding Debt by Type	165
10 Ratios of General Bonded Debt Outstanding	167
11 Legal Debt Margin Information	169
12 Direct and Overlapping Debt - Governmental Activities	171
Demographic and Economic Information:	
13 Demographic and Economic Statistics	172
14 Principal Employers	173
15 Full-Time Equivalent City Government Employees by Function/Program	174
Operating Information:	
16 Operating Indicators by Function	176
17 Capital Asset Statistics by Function	178
 <b>COMPLIANCE SECTION</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Bases on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	180
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with Applicable Sections of the OMB Uniform Guidance and the State Single Audit Implementation Act	182
Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control over Compliance in Accordance with Applicable Sections of the OMB Uniform Guidance and the State Single Audit Implementation Act	186
Schedule of Expenditures of Federal and State Awards	190
Notes to Schedule of Expenditures of Federal and State Awards	193
Schedule of Findings and Questioned Costs	194
Summary Schedule of Prior Audit Findings	202
Corrective Action Plan	203

## **INTRODUCTORY SECTION**

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## ORANGE COUNTY

### Department of Finance and Administrative Services

PO Box 8181, Hillsborough, NC 27278 | Tel 919.245.2453 | Fax 919.644.3324

January 11, 2023

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 annual comprehensive financial report ("ACFR") of Orange County for the fiscal year ended June 30, 2022.

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 and Jenkins, LLC, 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, 2022, 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 Department of Finance and Administrative Services.

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 ACFR 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 300 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, Cisco, 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 Department, 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 Department, are professional, education and health care occupations (50%), service occupations (18%) and manufacturing, construction, transportation and warehousing (13%).

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 opened a medical campus in the town of Hillsborough in 2015 and expanded that campus by 107,000 square feet in 2021. The 163 bed, 365,000 square foot campus now serves over 25,000 patients a year and employs approximately 500 individuals. 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 approximately 2,200 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 and more, are available.

The County spurs 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. Recent economic development investments within the County include ABB, Medline, Research Triangle Logistics Park, Morinaga, Piedmont Metal Works, AKG North America, Well Dot Inc. and Wegmans. These investments have contributed to the County's day-time population increasing by 5.2%. The County's stable employment base has consistently resulted in one of the lowest unemployment rates in North Carolina at 2.8% at June 30, 2022.

### **Fiscal Outlook**

The adopted General Fund Budget for FY 2022-23 totals \$258.1 million which represents \$17.2 million or a 7% increase over the FY 2021-22 adopted budget. The County Budget factors in a 1.25 cent property tax from 81.87 cents to 83.12 cents per \$100 of assessed value. One cent is dedicated to support education current expense and .25 cents is dedicated to debt service. The property tax base grows due to new construction activity, new personal property, and growth in the value of motor vehicles. The Recommended Budget includes a \$441.5 million or 2% increase in the assessed value of real and personal property and a \$115.5 million or 8% increase in the assessed value of motor vehicles compared to the FY2021-22 budgeted amounts. The County tax base is now \$22.2 billion. The County is on a four-year revaluation cycle and the next revaluation will be effective January 1, 2025. The real and personal collection rate is budgeted at 99.4% consistent with the prior fiscal year. The County budget maintains a goal of allocating 48.1% of General Fund revenues to Education spending. The FY2022-23 budget increase per pupil allocation by \$441 to \$4,808 which has consistently been among the highest per pupil appropriations in the State. The significant increase in current expense funding allocated to schools for FY2022-23 is 47.1% or one percent (1%) under the target. This is due to two factors. First, school related debt service decreased by approximately \$1.9 million. One percent of general fund revenue is approximately \$2.5 million, therefore the decrease in debt service accounted for 0.75% of the 1% funding target metric. These funds are not used to finance school operations. The County is obligated to pay school debt service based on the amount of authorized financing regardless the amount. The second factor is the rate at which general fund revenues grew between the FY2021-22 Budget and the FY2022-23 Budget. This rate outpaced the school expenditure increase, so the percentage of school spending to general fund revenues decreased. The FY2022-23 Recommended Budget includes a three percent (3%) across the board increase for all employees effective July 1, 2022 at a cost of approximately \$1.8 million. Property tax revenues comprise \$186.1 million or 72.1% of General Fund revenues. The FY 20201-22 Sales tax revenues comprise 13.8% of General Fund revenues and have been budgeted to increase 4% over the FY 2021-22 estimate. The remaining 13.3% of General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues.

The Article 46 ¼ cents sales tax was approved by the voters in a November 2011 referendum and became effective April 1, 2012. A Special Revenue Fund was established to account for the Article 46 Sales Tax. The Board approved a ten-year commitment which authorized equal distribution of this sales tax to support education and economic development. 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 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 has now issued the full \$125 million in General Obligation debt authorization as of June 30, 2022. The next planned General Obligation Bond Referendum is projected for November 2024.

**Fiscal Policy.** The County continues to demonstrate strong financial management as a result of its compliance with its Board adopted financial policies, regular financial reporting and long-term financial forecasting. These best practices and policies have enabled the County to remain financially strong through economic troughs and intergovernmental funding. Financial and debt 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 is at 16.05% of General Fund expenditures as of June 30, 2022, attributed to better than anticipated sales tax performance. The County's available fund balance includes reserve by state statute amounts which represents an additional 7.4% of General Fund expenditures as of June 30, 2022.

## **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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This marks the twenty-second 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 Annual Comprehensive Financial Report, whose contents conform to program standards. These reports must comply with both generally accepted accounting principles (GAAP) in the United States of America and applicable legal requirements.

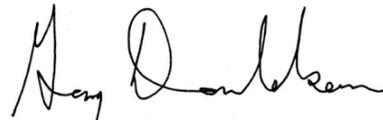
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The County also received the GFOA's award for Distinguished Budget Presentation for its 2022 annual budget document. This is the 31st 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 2022 budget continues to conform to program requirements and is submitting it to the GFOA to determine eligibility for another award.

Orange County departments and 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 thanks to the entire Finance Department and Senior Accountant Howard Fitts who is retiring after 33 years with the County. Thanks is extended as well to our independent auditors Mauldin and Jenkins LLC.

A special thanks is extended to 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,

A handwritten signature in black ink, appearing to read "Gary Donaldson". The signature is fluid and cursive, with the first name "Gary" written in a smaller, more compact script than the last name "Donaldson".

Gary Donaldson, CTP  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Orange County  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

Orange County, North Carolina

**BOARD OF COUNTY COMMISSIONERS**

Renee Price, Chair  
Jamezetta Bedford, Vice Chair  
Amy Fowler  
Sally Greene  
Jean Hamilton  
Anna Richards  
Earl McKee

**COUNTY MANAGER**

Bonnie B. Hammersley

Travis Myren  
Deputy County Manager

Gary Donaldson  
Chief Financial Officer

Kirk Vaughn  
Budget Director

Rebecca Crawford  
Finance and Administrative  
Services Deputy Director

Howard Fitts  
Senior Accountant

Pascal Moore  
Accountant

Amanda Colley-Townsend  
Accountant

# Board of County Commissioners



Renee Price, Chair



Jamezetta Bedford, Vice-Chair



Anna Richards



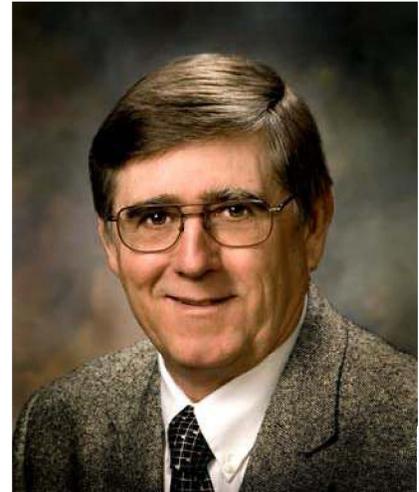
Amy Fowler



Sally Greene

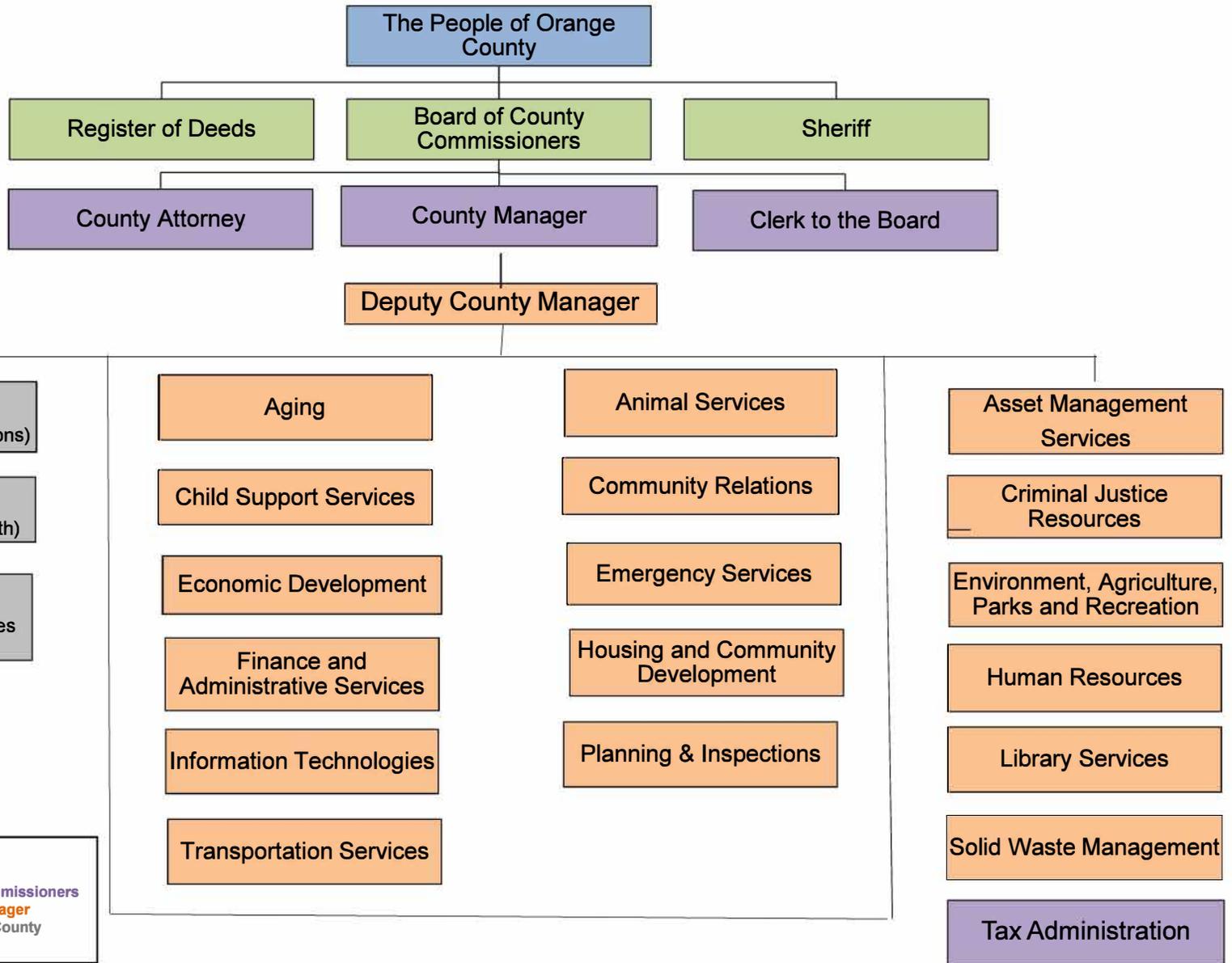


Jean Hamilton



Earl McKee

# Orange County Government



**Legend**  
 Elected Officials  
 Appointed by the Board of County Commissioners  
 Director supervised by the County Manager  
 Consultative supervision provided by County Manager's Office

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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**To Members of the Board of Commissioners  
Orange County, North Carolina**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 the County, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison statement for the General Fund, the COVID-19 relief special revenue fund and the Coronavirus State and Local Fiscal Recovery special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Orange County ABC Board (the "ABC Board"), which represents 100% of the assets, net position, and revenues, respectively of the aggregate discretely presented component unit. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board, is based solely on the report of the other auditor.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to the County's pensions and other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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**Supplementary Information**

Our audit for the year ended June 30, 2022, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules, the "Additional Financial Data" as listed in the table of contents, and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of North Carolina Single Audit Implementation Act (collectively, "the supplementary information") for the year ended June 30, 2022, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 for the year ended June 30, 2022.

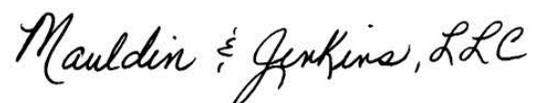
**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the title pages, introductory section, and statistical section, but does not include the basic financial statements and our auditor's report thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2023, 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 County's internal control over financial reporting and compliance.



Raleigh, North Carolina  
January 11, 2023

# Management's Discussion and Analysis

## Introduction

The management of the government offers readers of Orange County's (the "County") financial statements this Management's Discussion and Analysis ("MDA") of the financial activities of the County for the fiscal year ended June 30, 2022. Readers are encouraged to review the information presented here in conjunction with additional information that is furnished in the County's financial statements, which follow this narrative.

## Financial Highlights

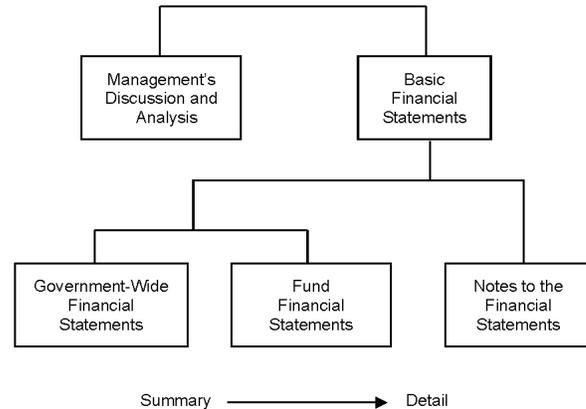
- The liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$144.3 million (net position). In accordance with North Carolina law, liabilities of the County include approximately \$174.2 million in long-term 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 County's total net position increased by \$23.6 million. This increase is attributed primarily to continued increases in property and sales tax revenues.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$179.7 million, an increase of \$51.3 million in comparison with the prior year. The increase reflects bond proceeds from General Obligation bonds and Limited Obligation bonds during the fiscal year for County and School projects. The General Fund total ending fund balance of \$81.3 million includes \$39 million of unassigned fund balance.
- The unassigned General Fund ending fund balance of \$38.9 million represented 16.05% 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 is 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.

Required Components of Annual Financial Report  
Figure 1



## 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 non-major 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.

## Management's Discussion and Analysis

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 and 15 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 an internal service fund to account for two activities – its employee health and dental insurance 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 one OPEB trust fund and four custodial funds.

### **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 31 - 76 of this report.

## Management's Discussion and Analysis

**Table 1**  
**ORANGE COUNTY, NORTH CAROLINA**  
**Condensed Statement of Net Position**  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021
<b>ASSETS</b>						
Current and other assets	\$ 223,003	\$ 157,540	\$ 20,395	\$ 17,061	\$ 243,398	\$ 174,601
Capital assets, net	152,150	138,700	20,172	18,706	172,322	157,406
Total assets	375,153	296,240	40,567	35,767	415,720	332,007
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	54,131	67,090	977	636	55,108	67,726
<b>LIABILITIES</b>						
Long-term liabilities	497,141	508,773	20,731	20,216	517,872	528,989
Other liabilities	41,083	29,511	1,892	716	42,975	30,227
Total liabilities	538,224	538,284	22,623	20,932	560,847	559,216
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	53,108	8,317	1,203	88	54,311	8,405
<b>NET POSITION</b>						
Net investment in capital assets	64,788	35,369	9,728	8,389	74,516	43,758
Restricted	28,245	21,813	-	-	28,245	21,813
Unrestricted (deficit)	(255,081)	(240,453)	7,990	6,994	(247,091)	(233,459)
Total net position	\$ (162,048)	\$ (183,271)	\$ 17,718	\$ 15,383	\$ (144,330)	\$ (167,888)

### 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 77.

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 \$144.3 million as of June 30, 2022. Net position is reported in three categories: Net investment in capital assets of \$74.5 million, restricted net position of \$28.2 million, and unrestricted net position of (\$247.1) 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, 2022, the net investment in capital assets increased by \$30.8 million.

The final category of net position is unrestricted net position. This balance may be used to meet the County's ongoing obligations to residents and creditors. At June 30, 2022, the total net deficit reported of (\$144.3) million is attributable to the unrestricted net deficit balance of (\$247.1) million, which results primarily from the debt financing related to school system assets as well as the County's long-term liabilities related to pension and OPEB benefits.

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 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 obligation to

## Management's Discussion and Analysis

**Table 2**  
**ORANGE COUNTY, NORTH CAROLINA**  
**Condensed Statement of Activities**  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 14,985	\$ 12,647	\$ 15,173	\$ 13,764	\$ 30,158	\$ 26,411
Operating grants and contributions	31,356	31,345	10	6	31,366	31,351
Capital grants and contributions	1,130	455	-	-	1,130	455
General revenues:						
Property taxes	213,946	201,379	-	-	213,946	201,379
Other taxes	43,076	37,498	-	-	43,076	37,498
Other revenues	10,924	6,894	702	345	11,626	7,239
Total revenues	315,417	290,218	15,885	14,115	331,302	304,333
<b>EXPENSES</b>						
Community services	18,019	14,484	-	-	18,019	14,484
General government	15,220	22,774	-	-	15,220	22,774
Public safety	41,249	41,376	-	-	41,249	41,376
Human services	57,651	56,271	-	-	57,651	56,271
Education	132,090	155,465	-	-	132,090	155,465
Support services	19,874	16,301	-	-	19,874	16,301
Interest expense	9,301	14,276	-	-	9,301	14,276
Solid Waste landfill	-	-	10,273	11,222	10,273	11,222
SportsPlex	-	-	4,067	3,204	4,067	3,204
Total expenses	293,404	320,947	14,340	14,426	307,744	335,373
Special item - Efland Sewer conveyance	-	-	-	(1,698)	-	(1,698)
Transfers	(790)	445	790	(445)	-	-
Change in net position	21,223	(30,284)	2,335	(2,454)	23,558	(32,738)
<b>NET POSITION</b>						
Beginning balances, restated	(183,271)	(152,987)	15,383	17,837	(167,888)	(135,150)
Ending balances	\$ (162,048)	\$ (183,271)	\$ 17,718	\$ 15,383	\$ (144,330)	\$ (167,888)

provide the school systems capital funding 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 \$174.2 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 \$23.6 million. This increase resulted primarily from increases in property tax and sales tax revenues as the County's general economic conditions continue to improve from the pandemic.

## Management's Discussion and Analysis

Also, 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 99.2%, higher than the State-wide average of 97%.
- Sales tax revenue, which is the second largest revenue source, increased by \$5.8 million from the prior fiscal year to \$37.9 million or 18.3% increase. This increase is attributed to Articles 39, 40 and 42 exceeding budgeted amounts attributed in part to the Federal Stimulus to the local economy from the American Rescue Plan Act (ARPA). The Hold Harmless sales tax amount which replaced the State Medicaid reimbursements exceeded the budget by \$3 million.
- The County continued to lead the State in per pupil funding for education.
- 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.
- The unassigned fund balance in the County's General Fund remains strong at \$39 million or 16.05% of General Fund expenditures. The county exercises fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year.

### **Governmental Activities**

Governmental activities increased the County's net position by \$21.2 million. As noted above, the key elements of the increase are increases in property values and thus increases in property tax revenues as well as continued increases in sales tax revenues.

### **Business-type Activities**

Business-type activities increased the County's net position by \$2.3 million. The increase was primarily related to the increases in revenues combined with a decrease in the business-type activities share of the net pension liability reported by the County.

### **Financial Analysis of the County's Funds**

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. North Carolina General Statute 159-26 requires the County to maintain all of its funds on the modified accrual basis of accounting during the year.

### **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 \$39 million or 16.05% of General Fund expenditures, while total fund balance increased to \$81.3 million or 33.6% 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 15.5% of total General Fund expenditures and transfers to other funds, while the total fund balance represents 32.3% of General Fund expenditures and transfers to other funds.

General Fund revenues are \$256 million or \$11.9 million higher than the final amended budget or 4.8%. General Fund revenues increased by \$11 million from the prior fiscal year. Property tax revenue comprises 70.6% of the General Fund revenues. Sales tax revenue, the second largest revenue, increased by \$5.8 million from the prior fiscal year. Intergovernmental revenues included remaining CARES Round 2 amounts totaling \$1.5 million. General Fund revenues and other financing sources total \$256.2 million.

General Fund expenditures are \$242 million or \$8.8 million lower than the final amended budget. General Fund expenditures increased by \$3.7 million from the prior fiscal year primarily due to increased debt service. General Fund expenditures were 4.4% under the final budget. This is attributed to salary attrition savings, management's commitment to contain discretionary spending through regular financial reporting and budget versus actual reviews and analysis. General Fund expenditures and other financing uses total \$250.8 million.

The County Capital Improvement Fund reflects a \$29.8 million increase in fund balance due to the issuance of bonds for future county projects.

The School Capital Improvement Fund reflects a \$12.2 million increase in fund balance for ongoing school construction. The school capital project fund balance increase is also attributed to the issuance of long-term debt in the current year to fund future capital projects.

The COVID-19 Relief Fund improved the deficit in fund balance by nearly \$2 million. The fund still reports a deficit in fund balance as of June 30, 2022, for expenditures that have been incurred in responding to the pandemic that will be reimbursed by FEMA in future fiscal periods.

The Coronavirus State and Local Fiscal Recovery Fund is accounting for the federal funding received by the County pursuant to the American Rescue Plan Act of 2021. The fund reports \$23.1 million of this funding as unearned

## Management's Discussion and Analysis

revenue as the County has not incurred eligible expenditures related to the funding as of June 30, 2022. As the funding is spent on eligible projects, the County will recognize revenue and the related expenditures.

### **General Fund Budgetary Highlights for the Fiscal Year Ending June 30, 2022**

The final amended General Fund Budget for FY 2021-22 totals \$250.8 million in expenditures which represents \$4.1 million or a % increase over the FY 2020-21 final amended budget. The County Budget included a 3-cent property tax increase to support increased debt service and a mandatory 5% non-personnel operating budget decrease which excluded public health and public safety departments. The County was on a four-year revaluation cycle. The revaluation was effective January 1, 2021 and resulted in a 12.6% increase in real property values, with the tax base increasing from \$19.3 billion to \$21.7 billion representing an increase of \$2.4 billion. The North Carolina Statutes requires jurisdictions to compute a revenue neutral rate following a revaluation. The County revenue neutral rate was 78.87 cents per \$100 of assessed value. The adopted budget then increased the revenue neutral rate by 3 cents to 81.87 cents per \$100 of assessed value. The tax increase funded a \$6.6 million increase in debt service expense. The real and personal collection rate was budgeted to decrease by .5% from 99.2% to 98.7% to account for potential taxpayer hardships. The County budget maintained a goal of allocating 48.1% of General Fund revenues to education spending. The budget maintained per pupil expenditures at \$4,367, which has consistently been among the highest per pupil appropriations in the State. The FY 2021-22 appropriations represents 48.7% of total General Fund revenues. The budget appropriated \$3.6 million to fund school health and

safety contractual services. The FY 2021-22 budget included no reductions in force. Property tax revenues comprised \$177.6 million or 73% of General Fund revenues. The FY 2021-22 Sales tax revenues had been budgeted to increase 12% compared to the FY 2020-21 budget due to Federal Stimulus and increased e-commerce sales. Additional General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues. The County's FY 2021-22 Budget anticipated a K-Shaped economic recovery and a level of economic uncertainty due to potential resurgence of COVID-19 public health restrictions. The stronger than anticipated FY 2020-21 audited financial results allowed for a mid-year FY 2021-22 budget amendment for additional education and wage appropriations. The Article 46 ¼ cents sales tax was approved by the voters in a November 2011 referendum and became effective April 1, 2012. A Special Revenue Fund was established to account for these sales tax proceeds. The County appropriated Article 46 tax proceeds of approximately \$1 million in emergency loans to small business owners and farmers during the COVID-19 pandemic.

- Amendments to revise estimates original budget ordinance and amounts based on new information;
- Carryover of funding for outstanding purchase orders at year-end related to significant commitments and projects;
- Amendments to recognize new funding amounts from external sources, such as Federal and State grants; and
- Amendments to increase appropriations to fund and maintain service delivery requirements.

**Table 3**  
**ORANGE COUNTY, NORTH CAROLINA**  
**Capital Assets, Net of Accumulated Depreciation**  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	Restated		2022	2021	Restated	
	2022	2021			2022	2021
Land	\$ 20,516	\$ 20,074	\$ 1,619	\$ 1,619	\$ 22,135	\$ 21,693
Intangible rights	482	482	-	-	482	482
Land improvements	-	-	3,811	3,953	3,811	3,953
Buildings and improvements	94,478	53,787	10,695	11,632	105,173	65,419
Leasehold improvements	1,280	1,450	-	-	1,280	1,450
Automotive equipment	2,002	2,420	-	-	2,002	2,420
Other equipment	3,175	2,007	2,920	1,502	6,095	3,509
Leased assets	6,521	-	-	-	6,521	-
Construction in progress	23,696	58,480	1,127	-	24,823	58,480
	\$ 152,150	\$ 138,700	\$ 20,172	\$ 18,706	\$ 172,322	\$ 157,406

## Management's Discussion and Analysis

**Table 4**  
**ORANGE COUNTY, NORTH CAROLINA**  
**Long-Term Liabilities**  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021
General obligation bonds -						
direct placement	\$ 128,250	\$ 124,000	\$ -	\$ -	\$ 128,250	\$ 124,000
Bond premiums	10,039	9,292	-	-	10,039	9,292
Installment notes - direct borrowing						
and direct placement	182,965	160,972	11,210	10,448	194,175	171,420
Note premiums	14,722	15,646	943	1,004	15,665	16,650
Net OPEB liability	132,375	161,450	-	-	132,375	161,450
Pension liabilities	17,477	31,796	781	1,252	18,258	33,048
Other	11,313	5,617	7,797	7,512	19,110	13,129
	\$ 497,141	\$ 508,773	\$ 20,731	\$ 20,216	\$ 517,872	\$ 528,989

### Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. The Sportsplex Fund reported restricted cash of \$575,053 and a total net position of \$4.9 million primarily net investment in capital assets. The Solid Waste Fund reported a net position of \$11.6 million of which \$4 million is net investment in capital assets.

### 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, 2022 totals \$172.3 million (net of accumulated depreciation) an increase of 14.5% primarily attributed to Construction in Progress for the Northern Campus and other Building Improvements. The other asset components include land, buildings, automotive equipment, office and other equipment, and sewer lines.

Major capital asset transactions during the year include:

- Construction in progress on various County projects.
- Purchase of vehicles and equipment for operations.
- Purchase of 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, 2022, the County had total bonded debt outstanding of \$128.2 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 \$194.2 million. A summary of total long-term debt and other long-term liabilities is shown in Note 6.

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 \$1.4 billion. The County has \$311.2 million in net debt applicable to the limit. The County has issued all of its authorized general obligation bonds as of June 20, 2022 for Orange County Schools and Chapel Hill-Carrboro City Schools from the 2016 Bond Referendum. Additional information regarding the County's long-term debt can be found in Note 6 on pages 54 - 62 of this report.

## Management's Discussion and Analysis

### **Budget Highlights for the Fiscal Year Ending June 30, 2022**

The adopted General Fund Budget for FY 2021-22 totals \$244.1 million which represents \$5 million or a 2.1% increase over the FY 2020-21 adopted budget. The County Budget factors in a 3 cent property tax increase to support increased debt service and a mandatory 5% non-personnel operating budget decrease which excludes public health and public safety departments. The County is on a four-year revaluation cycle. The revaluation was effective January 1, 2021 and resulted in a 12.6% increase in real property values, with the tax base increasing from \$19.3 billion to \$21.7 billion representing an increase of \$2.4 billion. The North Carolina Statutes requires jurisdictions to compute a revenue neutral rate following a revaluation. The County neutral rate was .7887 cents per \$100 of assessed value. The adopted budget then increased the revenue neutral rate by 3 cents to .8187 per \$100 of assessed value. The tax increase funds a \$6.6 million increase in debt service. The real and personal collection rate is budgeted to decrease by .5% from 99.2% to 98.7% to account for prolonged taxpayer hardships. The County budget maintains a goal of allocating 48.1% of General Fund revenues to Education spending. The budget maintains per pupil expenditures at \$4,367, which has consistently been among the highest per pupil appropriations in the State. The FY 2021-22 appropriations represents 48.7% of total General Fund revenues. The budget appropriates \$3.6 million to fund school health and safety contractual services. The fiscal year 2021-22 budget fully funds all positions of the County however there is no wage increase due to continued cost containment measures. Property tax revenues comprise \$177.6 million or 73% of General Fund revenues. The FY 2020-21 Sales tax revenues have been budgeted to increase 12% compared to the FY 2020-21 budget due to Federal Stimulus and increased e-commerce sales. The remaining 20% of General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues. The County's FY 2021-22 Budget reflects a K-Shaped economic recovery and any additional COVID-19 impacts on economic recovery.

The Article 46 ¼ cents sales tax was approved by the voters in a November 2011 referendum and became effective April 1, 2012. A Special Revenue Fund was established to account for the Article 46 Sales Tax. The Board approved a ten-year commitment which authorized equal distribution of this sales tax to support education and economic development. 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. In FY 2021-22 Article 46 Sales Tax increased by 30% to \$5 million from \$3.9 million the prior

fiscal year. The strong growth is attributed to the economic recovery facilitated by Federal Stimulus funds.

### ***Coronavirus, Aid, Relief and Economic Security (CARES)***

The North Carolina General Assembly unanimously approved the Coronavirus Relief Funding (CRF) that was signed by the Governor on May 4, 2020. The CRF package includes relief measures related to public health and safety, education, small business assistance, and continuity of state government operations. The State has included \$ 150 million in initial relief funding, with each county's allocation distributed on a per capita basis, with the exception of the three largest NC counties. Those three counties received Coronavirus Relief funding directly from the U. S. Treasury based on their populations exceeding 500,000.

The Orange County State-wide per capita share for CARES Round 1 and Round 2 was \$5.5 million which was shared with the County's four municipalities of Carrboro, Chapel Hill, Hillsborough and Mebane based on a per capita basis similar to the existing distribution of local option sales tax.

The CARES Act required that both Round 1 and 2 funds be spent or encumbered by December 31, 2021. The County spent all of its CARES Rounds 1 and 2 funding by the December 31, 2021 deadline.

### ***American Rescue Plan Act (ARPA)***

The Federal American Rescue Plan Act (ARPA) provides direct allocations to local governments. Orange County was designated and received \$28.8 million in ARPA funds. The ARPA funds are accounted for in the County's Coronavirus State and Local Fiscal Recovery Funds (CSLRF) special revenue fund.

The Board of Commissioners approved the first tranche and allocation of \$14.4 million on June 15, 2021 and the second tranche and allocation on December 14, 2021. ARPA funds must be obligated by December 31, 2024, and fully spent by December 31, 2026

ARPA funds are intended to broadly address the negative impacts of the COVID-19 pandemic on individuals, This Treasury guidance establishes five broad categories for potential investments:

1. Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;

3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and storm water infrastructure, and to expand access to broadband internet.

Broadband Infrastructure, Housing and Human Services has been the County's primary ARPA expenditure to date. The County has obligated \$10 million each for Broadband and Housing initiatives. The County has timely submitted its quarterly expenditure report to the U.S. Treasury Department.

As of this ACFR issuance there remains \$4.4 million of ARPA funds to be obligated through a forthcoming budget amendment in the current fiscal year.

### **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 Chief Financial Officer for the County, 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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Orange County ABC Board
<b>ASSETS</b>				
Cash and investments - unrestricted	\$ 109,898,003	\$ 18,133,272	\$ 128,031,275	\$ 3,815,113
Cash and investments - restricted	87,588,587	1,709,444	89,298,031	-
Receivables:				
Taxes receivable, net	4,330,320	-	4,330,320	-
Due from other governments	15,159,373	99,721	15,259,094	-
Leases receivable	1,659,919	-	1,659,919	-
Other receivables	2,866,751	452,779	3,319,530	19,299
Inventories and prepaid items	45,986	-	45,986	4,157,510
Capital assets:				
Non-depreciable assets	44,693,491	2,746,195	47,439,686	3,721,016
Depreciable assets, net	100,935,600	17,425,543	118,361,143	6,136,287
Right-to-use lease assets, net	6,520,804	-	6,520,804	1,836,954
Net pension asset	198,513	-	198,513	-
Notes receivable	1,256,060	-	1,256,060	15,476
Total assets	375,153,407	40,566,954	415,720,361	19,701,655
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	54,130,541	976,997	55,107,538	696,324
<b>LIABILITIES</b>				
Accounts payable	9,481,784	1,356,643	10,838,427	1,409,996
Accrued payroll and other liabilities	4,529,378	349,409	4,878,787	797,240
Accrued interest payable	3,272,744	-	3,272,744	-
Unearned revenue	23,798,242	186,455	23,984,697	-
Long-term liabilities:				
Due within one year	32,776,874	1,980,127	34,757,001	320,969
Due in more than one year	464,364,485	18,750,384	483,114,869	4,669,802
Total liabilities	538,223,507	22,623,018	560,846,525	7,198,007
<b>DEFERRED INFLOWS OF RESOURCES</b>	53,108,124	1,203,167	54,311,291	943,204
<b>NET POSITION</b>				
Net investment in capital assets	64,787,858	9,728,045	74,515,903	7,688,904
Restricted for:				
Stabilization by State Statute	21,373,361	-	21,373,361	-
Register of Deeds' pension plan	198,513	-	198,513	-
Public safety	2,300,661	-	2,300,661	-
Human services	2,688,612	-	2,688,612	-
Community services	1,684,160	-	1,684,160	-
Working capital	-	-	-	885,538
Unrestricted (deficit)	(255,080,848)	7,989,721	(247,091,127)	3,682,326
Total net position	\$ (162,047,683)	\$ 17,717,766	\$ (144,329,917)	\$ 12,256,768

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

# ORANGE COUNTY, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Community services	\$ 18,018,607	\$ 2,002,862	\$ 393,762	\$ -
General government	15,219,514	4,974,775	323,460	-
Public safety	41,248,675	6,018,169	2,442,996	-
Human services	57,651,056	1,988,915	26,769,751	1,129,817
Education	132,090,386	-	1,308,468	-
Support services	19,873,747	-	117,105	-
Interest on long-term debt	9,301,115	-	-	-
Total governmental activities	293,403,100	14,984,721	31,355,542	1,129,817
<b>BUSINESS-TYPE ACTIVITIES</b>				
Solid waste landfill	10,272,510	11,337,901	9,787	-
Sportsplex	4,067,041	3,835,429	-	-
Total business-type activities	14,339,551	15,173,330	9,787	-
Total primary government	307,742,651	30,158,051	31,365,329	1,129,817
<b>COMPONENT UNIT</b>				
Orange County ABC Board	\$ 28,102,223	\$ 30,050,080	\$ -	\$ -

**GENERAL REVENUES**

- Ad valorem taxes
- Sales and use taxes
- Other taxes
- Grants and contributions not restricted to specific programs
- Investment earnings
- Gain on sale of capital assets
- Miscellaneous

**TRANSFERS**

- Total general revenues and transfers
- Change in net position

**NET POSITION**

- Beginning balances, as previously reported
- Prior period adjustments
- Beginning balances, as restated
- Ending balances

**Net (Expenses) Revenues and  
Changes in Net Position**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Orange County ABC Board
\$ (15,621,983)	\$ -	\$ (15,621,983)	\$ -
(9,921,279)	-	(9,921,279)	-
(32,787,510)	-	(32,787,510)	-
(27,762,573)	-	(27,762,573)	-
(130,781,918)	-	(130,781,918)	-
(19,756,642)	-	(19,756,642)	-
(9,301,115)	-	(9,301,115)	-
<u>(245,933,020)</u>	<u>-</u>	<u>(245,933,020)</u>	<u>-</u>
-	1,075,178	1,075,178	-
-	(231,612)	(231,612)	-
-	843,566	843,566	-
<u>(245,933,020)</u>	<u>843,566</u>	<u>(245,089,454)</u>	<u>-</u>
-	-	-	1,947,857
213,946,408	-	213,946,408	-
43,075,944	-	43,075,944	-
1,661,844	383,543	2,045,387	-
5,770,758	-	5,770,758	-
231,432	15,244	246,676	-
95,939	302,410	398,349	-
3,163,597	-	3,163,597	6,056
(790,000)	790,000	-	-
<u>267,155,922</u>	<u>1,491,197</u>	<u>268,647,119</u>	<u>6,056</u>
<u>21,222,902</u>	<u>2,334,763</u>	<u>23,557,665</u>	<u>1,953,913</u>
(182,218,760)	14,735,053	(167,483,707)	10,154,742
(1,051,825)	647,950	(403,875)	148,113
<u>(183,270,585)</u>	<u>15,383,003</u>	<u>(167,887,582)</u>	<u>10,302,855</u>
<u>\$ (162,047,683)</u>	<u>\$ 17,717,766</u>	<u>\$ (144,329,917)</u>	<u>\$ 12,256,768</u>

# ORANGE COUNTY, NORTH CAROLINA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2022

	General Fund	COVID-19 Relief Fund	Coronavirus State and Local Fiscal Recovery Fund
<b>ASSETS</b>			
Cash and investments - unrestricted	\$ 72,345,090	\$ -	\$ 23,903,606
Cash and investments - restricted	-	-	-
Receivables:			
Property taxes receivable, net	2,431,615	-	-
Due from other governments	14,428,904	496,593	-
Leases receivable	1,659,919	-	-
Other receivables	2,093,443	-	16
Due from other funds	1,879,808	-	-
Inventories and prepaid items	45,986	-	-
Notes receivable	5,543	-	-
Total assets	94,890,308	496,593	23,903,622
<b>LIABILITIES</b>			
Accounts payable	4,425,465	240	749,065
Due to other funds	-	1,879,808	-
Accrued payroll and other liabilities	4,359,063	-	20,975
Unearned revenue	366,682	-	23,133,582
Total liabilities	9,151,210	1,880,048	23,903,622
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - intergovernmental	-	-	-
Unavailable revenue - property taxes receivable	2,164,496	-	-
Prepaid property taxes	595,476	-	-
Deferred lease revenues	1,632,734	-	-
Total deferred inflows of resources	4,392,706	-	-
<b>FUND BALANCES</b>			
Nonspendable	78,714	-	-
Restricted:			
Stabilization by State Statute	20,244,134	-	-
Public safety	-	-	-
Human services	-	-	-
Community services	-	-	-
Education	-	-	-
Capital projects	-	-	-
Committed:			
Health benefits	7,543,841	-	-
Education	-	-	-
Human services	-	-	-
Assigned:			
To be used in the subsequent fiscal year	14,608,880	-	-
Unassigned	38,870,823	(1,383,455)	-
Total fund balances	81,346,392	(1,383,455)	-
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 94,890,308	 \$ 496,593	 \$ 23,903,622

<b>County Capital Improvements Fund</b>	<b>School Capital Improvements Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 12,982,476	\$ 109,231,172
58,124,211	29,464,376	-	87,588,587
-	-	1,898,705	4,330,320
-	-	233,876	15,159,373
-	-	-	1,659,919
-	576,998	196,294	2,866,751
-	-	-	1,879,808
-	-	-	45,986
-	-	1,250,517	1,256,060
<u>58,124,211</u>	<u>30,041,374</u>	<u>16,561,868</u>	<u>224,017,976</u>
1,213,095	1,275,823	1,364,515	9,028,203
-	-	-	1,879,808
-	-	149,340	4,529,378
-	-	297,978	23,798,242
<u>1,213,095</u>	<u>1,275,823</u>	<u>1,811,833</u>	<u>39,235,631</u>
-	-	94,369	94,369
-	-	589,340	2,753,836
-	-	-	595,476
-	-	-	1,632,734
<u>-</u>	<u>-</u>	<u>683,709</u>	<u>5,076,415</u>
-	-	1,250,517	1,329,231
-	-	1,129,227	21,373,361
-	-	2,300,661	2,300,661
-	-	2,688,612	2,688,612
-	-	1,684,160	1,684,160
-	28,765,551	-	28,765,551
56,911,116	-	515	56,911,631
-	-	-	7,543,841
-	-	4,099,582	4,099,582
-	-	778,927	778,927
-	-	134,125	14,743,005
-	-	-	37,487,368
<u>56,911,116</u>	<u>28,765,551</u>	<u>14,066,326</u>	<u>179,705,930</u>
<u>\$ 58,124,211</u>	<u>\$ 30,041,374</u>	<u>\$ 16,561,868</u>	<u>\$ 224,017,976</u>

# ORANGE COUNTY, NORTH CAROLINA

## RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2022

Amounts reported for governmental activities in the Statement of Net Position are different because:

Ending fund balances - total governmental funds	\$	179,705,930
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Capital assets and right-to-use lease assets used in governmental activities are not financial resources; therefore, the assets are not reported in the governmental funds:

Assets not subject to depreciation	\$	44,693,491	
Assets subject to depreciation		184,171,531	
Right-to-use lease assets		9,352,762	
Less: accumulated depreciation and amortization		<u>(86,067,889)</u>	152,149,895

Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the governmental funds.

Unavailable revenue - property taxes	\$	2,753,836	
Unavailable revenue - intergovernmental		<u>94,369</u>	2,848,205

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds payable, net of unamortized premiums	\$	(138,288,512)	
Installment notes payable, net of unamortized premiums		(197,687,488)	
Leases payable		(6,564,347)	
Accrued interest payable		(3,272,744)	
Unamortized deferred charges from debt refundings		2,806,936	
Claims payable		(622,887)	
Compensated absences		<u>(4,125,727)</u>	(347,754,769)

The net pension liability (LGERS), total pension liability (LEOSSA), and net pension asset (RODSPF), as well as the related deferred outflows and inflows of resources are not expected to be liquidated with expendable available resources and, therefore, are not reported in the governmental funds.

Net pension liability (LGERS)	\$	(10,536,460)	
Total pension liability (LEOSSA)		(6,941,163)	
Net pension asset (RODSPF)		198,513	
Deferred outflows of resources - pension items		18,059,936	
Deferred inflows of resources - pension items		<u>(15,367,537)</u>	(14,586,711)

The net OPEB liability and the related deferred outflows and inflows of resources are not expected to be liquidated with expendable available resources and, therefore, are not reported in the governmental funds.

Net OPEB liability	\$	(132,374,775)	
Deferred outflows of resources - OPEB items		33,263,669	
Deferred inflows of resources - OPEB items		<u>(35,512,377)</u>	(134,623,483)

The internal service fund is used by the County to charge costs to other funds. The assets and liabilities are included in the governmental activities.

213,250

Net position of governmental activities	\$	<u><u>(162,047,683)</u></u>
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**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, 2022**

	<b>General Fund</b>	<b>COVID-19 Relief Fund</b>	<b>Coronavirus State and Local Fiscal Recovery Fund</b>
<b>REVENUES</b>			
Property taxes	\$ 181,453,366	\$ -	\$ -
Sales taxes	37,996,379	-	-
Unrestricted intergovernmental	5,302,060	-	-
Restricted intergovernmental	15,271,138	1,819,905	5,706,140
Charges for services	13,755,859	-	-
Investment earnings	102,849	-	-
License and permits	268,824	-	-
Miscellaneous	2,348,203	-	-
Total revenues	<u>256,498,678</u>	<u>1,819,905</u>	<u>5,706,140</u>
<b>EXPENDITURES</b>			
Current:			
Community services	13,205,403	-	299,285
General government	10,770,606	-	126,762
Public safety	27,822,848	93,660	38,414
Human services	39,736,328	67,570	5,124,574
Education	94,916,033	-	-
Support services	12,461,128	-	117,105
Capital outlay	-	-	-
Debt service:			
Principal retirements	32,263,996	-	-
Interest and other charges	11,040,769	-	-
Total expenditures	<u>242,217,111</u>	<u>161,230</u>	<u>5,706,140</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,281,567</u>	<u>1,658,675</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	-
Inception of lease	29,415	-	-
Premium on long-term debt issued	-	-	-
Transfers from other funds	95,337	325,000	-
Transfers to other funds	(9,272,892)	-	-
Sale of capital assets	95,939	-	-
Other financing sources (uses), net	<u>(9,052,201)</u>	<u>325,000</u>	<u>-</u>
Net change in fund balances	5,229,366	1,983,675	-
<b>FUND BALANCES:</b>			
Beginning balances	76,117,026	(3,367,130)	-
Ending balances	<u>\$ 81,346,392</u>	<u>\$ (1,383,455)</u>	<u>\$ -</u>

<b>County Capital Improvements Fund</b>	<b>School Capital Improvements Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 32,471,941	\$ 213,925,307
-	-	5,079,565	43,075,944
-	-	468,698	5,770,758
1,129,817	-	8,444,260	32,371,260
-	-	942,568	14,698,427
89,166	31,765	7,424	231,204
-	-	37,200	306,024
385,656	-	2,054,848	4,788,707
<u>1,604,639</u>	<u>31,765</u>	<u>49,506,504</u>	<u>315,167,631</u>
-	-	2,739,370	16,244,058
-	-	433,333	11,330,701
-	-	8,271,116	36,226,038
-	-	8,630,873	53,559,345
-	10,221,621	26,952,732	132,090,386
-	-	-	12,578,233
14,940,246	-	-	14,940,246
-	-	623,441	32,887,437
16,936	-	343,635	11,401,340
<u>14,957,182</u>	<u>10,221,621</u>	<u>47,994,500</u>	<u>321,257,784</u>
<u>(13,352,543)</u>	<u>(10,189,856)</u>	<u>1,512,004</u>	<u>(6,090,153)</u>
36,704,645	19,740,089	-	56,444,734
-	-	-	29,415
301,729	1,319,797	-	1,621,526
6,179,317	1,308,468	995,107	8,903,229
(20,833)	-	(399,504)	(9,693,229)
-	-	-	95,939
<u>43,164,858</u>	<u>22,368,354</u>	<u>595,603</u>	<u>57,401,614</u>
29,812,315	12,178,498	2,107,607	51,311,461
27,098,801	16,587,053	11,958,719	128,394,469
<u>\$ 56,911,116</u>	<u>\$ 28,765,551</u>	<u>\$ 14,066,326</u>	<u>\$ 179,705,930</u>

# 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, 2022

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

Net change in fund balances - total governmental funds	\$	51,311,461
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Governmental funds report capital outlays as expenditures; however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation and amortization expense

Capital outlay	\$ 11,779,665	
Depreciation and amortization expense	<u>(7,653,708)</u>	4,125,957

Receivables are deferred in the fund statements because they are not considered available and do not provide current financial resources. The following amounts are recognized as revenue in the Statement of Activities:

Net change in unavailable property tax revenues	\$ 21,101	
Net change in unavailable intergovernmental revenues	<u>94,369</u>	115,470

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. The current year differences

Long-term debt issued	\$ (56,437,415)	
Premiums on long-term debt issued	(1,621,526)	
Principal retirements	32,887,437	
Amortization of bond premiums	1,864,063	
Amortization of deferred charges on refunding	<u>(217,640)</u>	(23,525,081)

The following expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures

Net change in compensated absences		1,019,857
Net change in interest payable		453,802
Net change in claims payable		(151,352)
Pension expense - LGERS		1,762,757
Pension expense - LEOSSA		(649,969)
Pension expense - RODSPF		(2,679)
OPEB expense		(13,645,096)

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.

Change in net position - governmental activities		<u>407,775</u>
	\$	<u><u>21,222,902</u></u>

# ORANGE COUNTY, NORTH CAROLINA

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 177,786,976	\$ 177,929,931	\$ 181,453,366	\$ 3,523,435
Sales tax	28,952,047	28,952,047	37,996,379	9,044,332
Unrestricted intergovernmental	5,315,730	5,514,467	5,302,060	(212,407)
Restricted intergovernmental	13,003,366	18,267,327	15,271,138	(2,996,189)
Charges for services	11,595,456	11,771,295	13,755,859	1,984,564
Investment earnings	10,300	10,300	102,849	92,549
License and permits	274,550	274,550	268,824	(5,726)
Miscellaneous	1,731,248	1,865,225	2,348,203	482,978
Total revenues	<u>238,669,673</u>	<u>244,585,142</u>	<u>256,498,678</u>	<u>11,913,536</u>
<b>EXPENDITURES</b>				
Current:				
Community service	13,621,295	14,465,522	12,966,062	1,499,460
General government	10,348,361	10,989,151	10,770,606	218,545
Public safety	28,528,552	28,683,877	27,822,848	861,029
Human services	40,547,146	44,188,768	39,736,328	4,452,440
Education	93,834,876	95,583,514	94,916,033	667,481
Support services	12,881,850	13,331,088	12,461,128	869,960
Debt service:				
Principal retirements	29,525,769	32,263,996	32,263,996	-
Interest and other charges	10,501,510	11,274,004	11,040,769	233,235
Total expenditures	<u>239,789,359</u>	<u>250,779,920</u>	<u>241,977,770</u>	<u>8,802,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,119,686)</u>	<u>(6,194,778)</u>	<u>14,520,908</u>	<u>20,715,686</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	74,504	95,337	95,337	-
Transfers to other funds	(1,044,002)	(9,256,798)	(9,320,892)	(64,094)
Long-term debt issued	-	772,494	-	(772,494)
Inception of lease arrangements	-	-	29,415	29,415
Sale of capital assets	121,000	171,000	95,939	(75,061)
Appropriated fund balance	1,968,184	14,412,745	-	(14,412,745)
Other financing sources (uses), net	<u>1,119,686</u>	<u>6,194,778</u>	<u>(9,100,201)</u>	<u>(15,294,979)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,420,707</u>	<u>\$ 5,420,707</u>
<b>Reconciliation to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance (GAAP Basis):</b>				
Fund balance, beginning of year			76,117,026	
Change in fund balance, Community Loan Fund			<u>(191,341)</u>	
Ending balance			<u>\$ 81,346,392</u>	

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

**ORANGE COUNTY, NORTH CAROLINA**

**COVID-19 RELIEF FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND DEFICIT - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Restricted intergovernmental	\$ -	\$ 14,419,861	\$ 1,819,905	\$ (12,599,956)
Total revenues	<u>-</u>	<u>14,419,861</u>	<u>1,819,905</u>	<u>(12,599,956)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	12,744,861	-	12,744,861
Public safety	-	-	93,660	(93,660)
Human services	-	-	67,570	(67,570)
Total expenditures	<u>-</u>	<u>12,744,861</u>	<u>161,230</u>	<u>12,583,631</u>
Excess of revenues over expenditures	<u>-</u>	<u>1,675,000</u>	<u>1,658,675</u>	<u>(16,325)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from (to) other funds	<u>-</u>	<u>(1,675,000)</u>	<u>325,000</u>	<u>2,000,000</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,675,000)</u>	<u>325,000</u>	<u>2,000,000</u>
Net change in fund deficit	<u>\$ -</u>	<u>\$ -</u>	<u>1,983,675</u>	<u>\$ 1,983,675</u>
<b>FUND DEFICIT</b>				
Beginning balance			(3,367,130)	
Ending balance			<u>\$ (1,383,455)</u>	

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

# ORANGE COUNTY, NORTH CAROLINA

## CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND DEFICIT - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ -	\$ 28,839,722	\$ 5,706,140	\$ (23,133,582)
Total revenues	-	28,839,722	5,706,140	(23,133,582)
<b>EXPENDITURES</b>				
Current:				
Community services	-	300,000	299,285	715
General government	-	17,584,965	126,762	17,458,203
Public safety	-	207,751	38,414	169,337
Human services	-	5,490,184	5,124,574	365,610
Education	-	70,000	-	70,000
Support services	-	5,186,822	117,105	5,069,717
Total expenditures	-	28,839,722	5,706,140	23,133,582
Net change in fund balance	\$ -	\$ -	-	\$ -
<b>FUND BALANCE</b>				
Beginning balance			-	
Ending balance			\$ -	

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

**ORANGE COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022**

	<b>Solid Waste Landfill</b>	<b>SportsPlex</b>	<b>Total Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>				
Current assets:				
Cash and investments - unrestricted	\$ 17,383,081	\$ 750,191	\$ 18,133,272	\$ 666,831
Cash and investments - restricted	1,134,391	575,053	1,709,444	-
Accounts receivable, net	436,113	16,666	452,779	-
Due from other governments	99,721	-	99,721	-
Total current assets	<u>19,053,306</u>	<u>1,341,910</u>	<u>20,395,216</u>	<u>666,831</u>
Capital assets:				
Nondepreciable assets	1,951,729	794,466	2,746,195	-
Depreciable assets, net	9,539,878	7,885,665	17,425,543	-
Capital assets, net	<u>11,491,607</u>	<u>8,680,131</u>	<u>20,171,738</u>	<u>-</u>
Total assets	<u>30,544,913</u>	<u>10,022,041</u>	<u>40,566,954</u>	<u>666,831</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>976,997</u>	<u>-</u>	<u>976,997</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,223,157	133,486	1,356,643	453,581
Accrued payroll and other liabilities	246,878	102,531	349,409	-
Unearned revenue	-	186,455	186,455	-
Current portion:				
Long-term debt	920,713	551,779	1,472,492	-
Landfill postclosure	369,623	-	369,623	-
Compensated absences payable	138,012	-	138,012	-
Total current liabilities	<u>2,898,383</u>	<u>974,251</u>	<u>3,872,634</u>	<u>453,581</u>
Noncurrent liabilities:				
Long-term debt	6,542,051	4,138,594	10,680,645	-
Landfill postclosure	7,196,711	-	7,196,711	-
Compensated absences payable	92,008	-	92,008	-
Net pension liability	781,020	-	781,020	-
Total noncurrent liabilities	<u>14,611,790</u>	<u>4,138,594</u>	<u>18,750,384</u>	<u>-</u>
Total liabilities	<u>17,510,173</u>	<u>5,112,845</u>	<u>22,623,018</u>	<u>453,581</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>1,203,167</u>	<u>-</u>	<u>1,203,167</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,163,234	4,564,811	9,728,045	-
Unrestricted	7,645,336	344,385	7,989,721	213,250
Total net position	<u>\$ 12,808,570</u>	<u>\$ 4,909,196</u>	<u>\$ 17,717,766</u>	<u>\$ 213,250</u>

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, 2022**

	<b>Solid Waste Landfill</b>	<b>SportsPlex</b>	<b>Total Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 10,423,906	\$ 3,835,429	\$ 14,259,335	\$ -
Employer and employee contributions	-	-	-	11,649,262
Other operating revenue	913,995	-	913,995	-
Total operating revenues	<u>11,337,901</u>	<u>3,835,429</u>	<u>15,173,330</u>	<u>11,649,262</u>
<b>OPERATING EXPENSES</b>				
Operations	6,491,438	1,886,103	8,377,541	11,122,305
General and administrative	2,541,253	1,209,907	3,751,160	119,410
Depreciation	986,886	801,145	1,788,031	-
Total operating expenses	<u>10,019,577</u>	<u>3,897,155</u>	<u>13,916,732</u>	<u>11,241,715</u>
Operating income (loss)	<u>1,318,324</u>	<u>(61,726)</u>	<u>1,256,598</u>	<u>407,547</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Disposal taxes and reimbursements	383,543	-	383,543	-
Intergovernmental	9,787	-	9,787	-
Investment earnings	15,244	-	15,244	228
Gain on disposal of capital assets	302,410	-	302,410	-
Interest expense	<u>(252,933)</u>	<u>(169,886)</u>	<u>(422,819)</u>	<u>-</u>
Non-operating revenue (expenses), net	<u>458,051</u>	<u>(169,886)</u>	<u>288,165</u>	<u>228</u>
Income before transfers	1,776,375	(231,612)	1,544,763	407,775
Transfers from other funds	836,304	790,000	1,626,304	-
Transfers to other funds	<u>(836,304)</u>	<u>-</u>	<u>(836,304)</u>	<u>-</u>
Change in net position	<u>1,776,375</u>	<u>558,388</u>	<u>2,334,763</u>	<u>407,775</u>
<b>NET POSITION</b>				
Beginning balances, as previously reported	11,032,195	3,702,858	14,735,053	(194,525)
Prior period adjustment - correction of an error	-	647,950	647,950	-
Beginning balances, as restated	<u>11,032,195</u>	<u>4,350,808</u>	<u>15,383,003</u>	<u>(194,525)</u>
Ending balances	<u>\$ 12,808,570</u>	<u>\$ 4,909,196</u>	<u>\$ 17,717,766</u>	<u>\$ 213,250</u>

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, 2022**

	<b>Solid Waste Landfill</b>	<b>SportsPlex</b>	<b>Total Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 11,721,485	\$ 4,006,071	\$ 15,727,556	\$ 11,649,262
Cash paid for goods and services	(3,275,824)	(1,816,463)	(5,092,287)	(11,623,361)
Cash paid to employees	(4,236,411)	(1,211,636)	(5,448,047)	-
Net cash provided by operating activities	<u>4,209,250</u>	<u>977,972</u>	<u>5,187,222</u>	<u>25,901</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(836,304)	-	(836,304)	-
Transfers from other funds	836,304	790,000	1,626,304	-
Cash received from other governments	9,787	-	9,787	-
Net cash provided by non-capital financing activities	<u>9,787</u>	<u>790,000</u>	<u>799,787</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition/construction of capital assets	(3,253,190)	(1,000)	(3,254,190)	-
Proceeds from issuance of debt	2,062,000	105,000	2,167,000	-
Principal payments on long-term debt	(885,593)	(518,711)	(1,404,304)	-
Proceeds from the sale of capital assets	302,410	-	302,410	-
Interest paid and fiscal fees paid	(290,616)	(192,492)	(483,108)	-
Net cash used for capital and related financing activities	<u>(2,064,989)</u>	<u>(607,203)</u>	<u>(2,672,192)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	15,244	-	15,244	228
Net cash provided by investing activities	<u>15,244</u>	<u>-</u>	<u>15,244</u>	<u>228</u>
Net increase in cash and cash equivalents	2,169,292	1,160,769	3,330,061	26,129
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning balances	16,348,180	164,475	16,512,655	640,702
Ending balances	<u>18,517,472</u>	<u>1,325,244</u>	<u>19,842,716</u>	<u>666,831</u>
<b>CASH AND CASH EQUIVALENTS</b>				
Cash and investments - unrestricted	17,383,081	750,191	18,133,272	666,831
Cash and investments - restricted	1,134,391	575,053	1,709,444	-
Total cash and cash equivalents	<u>\$ 18,517,472</u>	<u>\$ 1,325,244</u>	<u>\$ 19,842,716</u>	<u>\$ 666,831</u>

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, 2022**

	<u>Solid Waste Landfill</u>	<u>SportsPlex</u>	<u>Total Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,318,324	\$ (61,726)	\$ 1,256,598	\$ 407,547
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Disposal taxes and reimbursements	383,543	-	383,543	-
Depreciation	986,886	801,145	1,788,031	-
Landfill closure and postclosure care costs	319,435	-	319,435	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Decrease (increase) in:				
Accounts receivable	7,912	(3,188)	4,724	-
Due from other governments	(7,871)	-	(7,871)	-
Deferred outflows - pensions	(341,235)	-	(341,235)	-
Increase (decrease) in:				
Accounts and claims payable	915,303	69,640	984,943	(381,646)
Accrued payroll withholdings	19,896	(1,729)	18,167	-
Unearned revenue	-	173,830	173,830	-
Compensated absences payable	(36,924)	-	(36,924)	-
Net pension liability	(470,717)	-	(470,717)	-
Deferred inflows - pensions	1,114,698	-	1,114,698	-
Net cash provided by operating activities	<u>\$ 4,209,250</u>	<u>\$ 977,972</u>	<u>\$ 5,187,222</u>	<u>\$ 25,901</u>

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022

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	<u>OPEB Trust Fund</u>	<u>Custodial Funds</u>
<b>ASSETS</b>		
Cash and investments - restricted	\$ 363,033	\$ 291,139
Total assets	<u>363,033</u>	<u>291,139</u>
<b>LIABILITIES</b>		
Accounts payable	-	3,433
Accrued liabilities	-	62,773
Total liabilities	<u>-</u>	<u>66,206</u>
<b>NET POSITION</b>		
Restricted for:		
Other postemployment benefits	363,033	-
Individuals, organizations and other governments	-	224,933
Total net position	<u>\$ 363,033</u>	<u>\$ 224,933</u>

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 YEAR ENDED JUNE 30, 2022

	OPEB Trust Fund	Custodial Funds
<b>ADDITIONS</b>		
Employer contributions	\$ 3,000,312	\$ -
Charges for services	-	26,603
Collections on behalf of inmates	-	285,130
Donations	-	8,170
Investment earnings (loss)	(66,733)	160
Crop loan repayments	-	28
Total additions	2,933,579	320,091
<b>DEDUCTIONS</b>		
Benefit payments	3,000,312	-
Payments on behalf of inmates	-	264,034
Payments to Orange County	-	11,355
Other	-	24,028
Total deductions	3,000,312	299,417
Change in net position	(66,733)	20,674
<b>NET POSITION</b>		
Beginning balances	429,766	204,259
Ending balances	\$ 363,033	\$ 224,933

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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### 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

The County was founded in 1752 and is located in the northcentral portion of North Carolina (the “State”) on the Piedmont Plateau. The County has a commissioner/manager form of government with a seven-member elected Board of Commissioners (the “Board”) 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 units. The County’s component units are discussed below and are included in the County’s reporting entity because of the significance of their operational and financial relationship with the County. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

#### Discretely Presented Component Units

*Orange County Alcoholic Beverage Control Board.* 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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### A. Reporting Entity (Continued)

*Orange County Industrial Facility and Pollution Control Financing Authority.* The Orange County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a three-member Board of Commissioners, all of whom are appointed by the Board. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the County's financial statements. The Authority does not issue separate financial statements.

#### B. Basis of Presentation

*Government-wide Statements.* 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 units. The effect of interfund activity has been removed from these statements in all material areas. 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 charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining government and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Basis of Presentation (Continued)

The County reports the following major governmental funds:

*General Fund.* This is the County's primary operating fund. It accounts for all financial resources of the primary government, except those required to be accounted for in another fund.

*COVID-19 Relief Fund.* This is a special revenue fund. It accounts for federal funds received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act as well as resources provided by other grantor agencies that received CARES Act funding passed through to the County.

*Coronavirus State and Local Fiscal Recovery Fund.* This is a special revenue fund. It accounts for the Coronavirus State and Local Fiscal Recovery Funds received by the County pursuant to the passage of the American Rescue Plan Act of 2021.

*County Capital Improvements Fund.* This is a capital project fund. It is used to account for the financial resources used for the acquisition, renovation, and improvement of public facilities.

*School Capital Improvements Fund.* This is a capital project fund. It accounts for financial resources used for the construction, acquisition, and renovation of public school facilities. Ownership of the facilities are conveyed to the local education agencies when completed.

The County reports the following major proprietary funds:

*Solid Waste Landfill Fund.* This is an enterprise fund. It is used to account for the revenues and expenses related to the provision of solid waste disposal and recycling activities for the citizens of Orange County.

*SportsPlex Fund.* This is an enterprise fund. It is used to account for the operation and maintenance of the Triangle SportsPlex.

The County reports the following fiduciary funds:

*OPEB Trust Fund.* This fund is used to report resources that are required to be held in trust for the members and beneficiaries of the County's Other Post Employment Benefit ("OPEB") retiree health plan.

*Custodial Funds.* These funds are used to report fiduciary activities not required to be reported in trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains four custodial funds.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Basis of Presentation (Continued)

The County reports the following other funds:

*Non-major governmental funds.* The County maintains twenty-four non-major special revenue and capital projects funds.

*Internal service fund.* The County maintains one internal service fund that is used to account for the County's health and dental insurance benefit it provides to its employees.

#### C. Measurement Focus and Basis of Accounting

NCGS 159-26 requires the County to maintain all of its funds on the modified accrual basis of accounting during the year.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Non-change transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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, including special assessments. 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 County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus and Basis of Accounting (Continued)

*Governmental Fund Financial Statements.* These statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers most revenues to be available if they are collected within 90 days after year-end, except for property taxes which use a 60-day period. Since September 1, 2013, the State has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts.

These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received.

Sales taxes and certain intergovernmental revenues collected and held by the State at year-end on behalf of the County, are recognized as revenue. Other intergovernmental revenues are not susceptible to accrual because generally they are not measurable until received in cash. All taxes are reported as general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and leases, claims and judgements, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions, including those acquired via leasing arrangements, are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital leases are reported as other financing sources.

#### D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes ("NCGS" or "G.S."). An annual budget ordinance is adopted for the General Fund, special revenue funds (excluding certain multi-year project funds), all enterprise operating funds and the internal service fund. Project ordinances are adopted for certain multi-year special revenue funds, capital project funds and capital project funds within each major enterprise fund. The enterprise capital project funds are consolidated with their respective operating fund for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the function level for all annually budgeted funds and at the project level for all project ordinances. Amendments are required for any revisions that alter total expenditures of any fund or that change appropriations by more than \$5,000. The Board must approve all amendments. During the year, the original budget ordinances were amended through supplemental appropriations. These changes are reflected in the supplemental budgetary comparison statements and schedules.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Budgetary Data (Continued)

The budget ordinance must be adopted by July 1 of each fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. All annually adopted budgetary appropriations lapse at the end of the fiscal year.

#### E. Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by NCGS 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in the State. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market deposit accounts, and certificate of deposit.

NCGS 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).

NCGS 159-30.1 allows the County to establish and fund an irrevocable trust for the purpose of paying OPEB expenses for which the County is liable. The County's OPEB Trust is 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 NCGS 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 NCGS 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 (the "STIF") consisting of short to intermediate treasuries, agencies and corporate issues authorized by NCGS 147-69.1, the Bond Index Fund (the "BIF") consisting of high quality debt securities eligible under NCGS 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under NCGS 147-69.2(b)(8).

The majority of the County's investments are carried at fair value. Non-participating interest earning investment contracts are accounted for at cost.

*NCCMT.* This investment is authorized by NCGS 159-30(c)(8) and consists of an SEC-registered fund. The fund, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAmf by Moody's Investor Services. The Government Portfolio is reported at fair value.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. Deposits and Investments (Continued)

*The STIF.* This investment is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. These investments are valued by the custodian using Level 2 inputs which in this case involves inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2022 of 1.3 years. Under the authority of NCGS 147.69.3, no unrealized gains or losses of the STIF are distributed participants of the fund.

*The BIF.* This investment is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. The BIF does not have a credit rating, was valued at \$1 per unit and had an average maturity of 6.97 years at June 30, 2022.

*The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund.* This investment is a common trust fund considered to be commingled in nature. The investment's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2022, the fair value of the funds was \$27.187 per share. Fair value of this investment is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

#### F. Cash and Cash Equivalents

The County pools moneys from all funds, except the OPEB Trust Fund, to facilitate disbursement and investment and to maximize investment earnings. Therefore, all cash and investments are considered cash and cash equivalents.

#### G. Restricted Assets

The unexpended debt proceeds of the governmental funds/governmental activities are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. The unexpended debt proceeds of the enterprise funds/business-type activities are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. Cash and investments in the OPEB Trust Fund is considered restricted because it can only be used to pay OPEB obligations.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. 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 NCGS 105-347 and NCGS 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, 2021.

#### I. 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.

#### J. 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.”

#### K. Leases

##### *Lessee*

The County is a lessee for multiple noncancellable lease of land, real property, equipment and vehicles. The County recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. The County recognizes lease liabilities and leased right to use assets in accordance with its capitalization policy (Note 1-N).

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Leases (Continued)

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the County is reasonably certain to exercise

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

In the statement of net position, lease assets are reported with other capital assets and lease liabilities are reported with other long-term liabilities as amounts due within one year and amounts due in more than one year.

#### ***Lessor***

The County is the lessor for certain noncancellable lease of real property and land within existing County buildings and land. The County recognizes a lease receivable and a deferred inflow of resources for deferred lease revenue in accordance with these transactions.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain other amounts to be paid by the County (if any). Subsequently, the deferred inflow of resources is amortized into lease revenue on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The lease agreements entered into by the County as lessor do not include stated interest rates. Therefore, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments that the County will receive over the term of the lease agreement.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Leases (Continued)

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease.

#### L. Inventories

The inventories of the County are valued at cost (first-in, first-out) which approximates market.

#### M. Prepaid Items

Payments made to vendors for services that will benefit future periods 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.

#### N. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (including right-to-use leased 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 (the "Schools") 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 Schools give the Schools 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 Schools once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are recorded as capital assets in the Schools' respective financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Capital Assets (Continued)

Capital assets of the County and right-to-use leased assets, are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	20 to 30 years
Building and leasehold improvements	20 to 30 years
Automotive equipment	3 to 5 years
Other equipment	5 to 20 years

#### O. 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) 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.

In addition to liabilities, the statement of net position 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 assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two (2) items that qualify 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. These property taxes will be recognized as revenue in the subsequent fiscal year. The County also reports a deferred inflow of resources for deferred revenues from leases which will be amortized on a straight-line basis over the life of the underlying lease. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### O. Deferred Outflows/Inflows of Resources (Continued)

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 – LEOSA, 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.

#### P. 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.

#### Q. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Q. Long-term Obligations (Continued)

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.

#### R. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The County received \$261,245 as part of this settlement in fiscal year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the County two options of expending the funds which will be determined in fiscal year 2023.

#### S. Net Position/Fund Balances

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by federal or state law.

Fund balances in the governmental fund financial statements are composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balances can be spent. Fund balances are classified as follows:

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### S. Net Position/Fund Balances (Continued)

*Nonspendable fund balance.* This classification includes amounts that 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.

- Inventories and prepaid items - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories and prepaid items, which are not expendable available resources.
- Notes receivable - portion of fund balance that is not an available resource because it represents the year-end balance of notes receivable, which are not expendable available resources.

*Restricted fund balance.* This classification includes amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors, laws or regulations of other governments.

- Restricted for stabilization by State statute - G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute ("RSS") is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by the nonspendable portion of fund balance. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.
- Restricted for public safety - This portion of fund balance is restricted by revenue source for certain public safety programs of the County.
- Restricted for human services - This portion of fund balance is restricted by revenue source for certain human services programs of the County. It also includes amounts that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### S. Net Position/Fund Balances (Continued)

- Restricted for community services - This portion of fund balance is restricted by revenue source for certain community services programs of the County.
- Restricted for education - This portion of fund balance is restricted by financing source for the specific school projects the debt was originally issued.
- Restricted for capital projects - This portion of fund balance is restricted by financing source for the specific projects the debt was originally issued.

*Committed fund balance.* This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board. Similarly, the Board may only modify or rescind the commitment by formal action of the Board.

- Committed for health benefits - This portion of fund balance has been constrained by the Board to pay health benefits for employees of the County.
- Committed for education - This portion of fund balance has been constrained by the Board from sales tax to be used for projects to benefit the Schools.
- Committed for human services - This portion of fund balance has been constrained by the Board for the County's adoption assistance program.

*Assigned fund balance.* This classification includes amounts constrained by the Board to be used for specific purposes but, are neither restricted nor committed.

- To be used in the subsequent fiscal year - This portion of fund balance has been appropriated in the next year's budget and has not been classified as restricted or committed.

*Unassigned fund balance.* This classification includes the remaining portion of fund balance that is spendable and has not been restricted, committed or assigned. Any governmental fund with a fund deficit is classified as unassigned.

The County has a formal board adopted minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that unassigned fund balance be maintained at 16.0 percent of total expenditures in the General Fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### T. 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. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### U. 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.

#### V. 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 Postemployment 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.

#### W. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

**Expenditures in Excess of Appropriations.** The following functions had actual expenditures for the fiscal year ended June 30, 2022, that exceeded final appropriations (with the corresponding explanation for how these excess expenditures were funded during the year:

1. **Visitor's Bureau – General Government (\$5,615):** These expenditures in excess of final appropriations were funded by expenditures below budget in other functions within the fund.
2. **Mental Health Insurance Fund – Human Services (\$587):** These expenditures in excess of final appropriations were funded by expenditures below budget in other functions within the fund.

**Deficit in fund balance.** The County's COVID-19 Relief Fund reports a deficit fund balance of \$1,383,455 as of June 30, 2022. This deficit will be eliminated in subsequent years via the reimbursement of pandemic-related expenditures from FEMA for which the County has submitted applications and is awaiting notification of funding.

### NOTE 3. DEPOSITS AND INVESTMENTS

All the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the County's agents in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent.

Because of the inability to measure the exact amounts of collateral pledged for the County under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of NCGS 159-31 when designating official depositories and verifying that deposits are properly secured.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The County's deposits, at June 30, 2022, had a carrying amount of \$75,738,735 and a bank balance of \$75,010,648. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$75,238,735 was covered by collateral held under the Pooling Method. The County's petty cash accounts, at June 30, 2022, totaled \$5,409. Total deposits as of June 30, 2022, are summarized as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 128,031,275
Restricted cash and cash equivalents	89,298,031
Statement of Fiduciary Net Position	654,172
	<u>\$ 217,983,478</u>
Cash deposited with financial institution	\$ 75,010,648
Petty cash	5,409
NCCMT - Government Portfolio	142,604,388
STIF	363,033
	<u>\$ 217,983,478</u>

All investments of the County are measured using the market approach using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. 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 investment balances, at June 30, 2022, consist of the following:

Investment Type	Measurement Method	Fair Value	Less than 6 months
NCCMT-Government Portfolio	Fair Value - Level 1	\$ 142,604,388	\$ 142,604,388
STIF	Various	363,033	363,033
Total Investments		<u>\$ 142,967,421</u>	<u>\$ 142,967,421</u>

The NCCMT Government Portfolio has a weighted average maturity of less than 90 days; therefore, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has a AAAm rating from S&P and AAA-mf by Moody's Investor Service.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The OPEB Trust Fund is invested in the State Treasurer's STIF pursuant to NCGS 159-30.1. The STIF may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the NCGS. The County, at June 30, 2022, was invested as follows: BlackRock's MSCI ACWI EQ Index Non-lendable Class B Fund 99.87%, and North Carolina Non-Pension Fixed Income 0.13%.

**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.

**Credit risk.** The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's investments consist of investments in the NCCMT Government Portfolio which carried a credit rating of AAAM by Standard & Poor's as of June 30, 2022.

The County does not have a formal investment policy regarding credit risk for the OPEB Trust Fund. The STIF is unrated and authorized under NCGS 147-69.1. The 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 NCGS 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. NCGS 159-31 requires 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. The County's deposits are insured or collateralized at June 30, 2022 as required by NCGS.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. RECEIVABLES

The County's receivable balances at June 30, 2022 consisted of the following:

	General	County Capital Improvements	School Capital Improvements	Coronavirus State and Local
Receivables:				
Taxes	\$ 4,464,120	\$ -	\$ -	\$ -
Notes	5,543	-	-	-
Accounts	4,856,272	-	576,998	16
Due from other governments	14,428,904	-	-	-
Lease	1,659,919	-	-	-
Less allowance for uncollectible	(4,795,334)	-	-	-
Net Receivables	<u>\$ 20,619,424</u>	<u>\$ -</u>	<u>\$ 576,998</u>	<u>\$ 16</u>

	COVID-19 Relief	Nonmajor Governmental	Solid Waste Landfill	SportsPlex
Receivables:				
Taxes	\$ -	\$ 1,898,705	\$ -	\$ -
Notes	-	1,250,517	-	-
Accounts	496,593	196,294	436,113	16,666
Due from other governments	-	233,876	99,721	-
Less allowance for uncollectible	-	-	-	-
Net Receivables	<u>496,593</u>	<u>\$ 3,579,392</u>	<u>\$ 535,834</u>	<u>\$ 16,666</u>

#### ***Lease receivables***

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The County has entered into a 75-month lease as lessor for the use of 401 Valley Forge Road, Hillsborough, North Carolina. An initial lease receivable was recorded in the amount of \$1,750,046. As of June 30, 2022, the value of the lease receivable is \$1,497,607. The lessee is required to make monthly fixed payments of \$24,500. The lease has an interest rate of 1.1380%. The value of the deferred inflow of resources as of June 30, 2022, was \$1,470,037, and the County recognized lease revenue of \$280,007 during the fiscal year. The lessee has 2 extension options, each for 60 months.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. RECEIVABLES (CONTINUED)

#### *Lease receivables*

The County has entered into a 19-month lease as lessor for the use of 103 Meadowlands Dr, Hillsborough, North Carolina. An initial lease receivable was recorded in the amount of \$72,836. As of June 30, 2022, the value of the lease receivable is \$26,883. The lessee is required to make monthly fixed payments of \$3,846. The lease has an interest rate of 0.4350%. The value of the deferred inflow of resources as of June 30, 2022, was \$26,834, and the County recognized lease revenue of \$46,002 during the fiscal year.

The County has entered into a 14-month lease as lessor for the use of American Tower Compound. An initial lease receivable was recorded in the amount of \$31,734. As of June 30, 2022, the value of the lease receivable is \$4,559. The lessee is required to make monthly fixed payments of \$2,214. The lease has an interest rate of 0.3080%. The value of the deferred inflow of resources as of June 30, 2022, was \$5,228, and the County recognized lease revenue of \$5,228 during the fiscal year. The lessee has 6 extension options, each for 60 months.

The County has entered into a 27-month lease as lessor for the use of 133 Peachtree Street. An initial lease receivable was recorded in the amount of \$235,140. As of June 30, 2022, the value of the lease receivable is \$130,870. The lessee is required to make monthly fixed payments of \$8,750. The lease has an interest rate of 0.4350%. The value of the deferred inflow of resources as of June 30, 2022, was \$130,635, and the County recognized lease revenue of \$104,507 during the fiscal year.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance, restated	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Nondepreciable capital assets:					
Land	\$ 20,073,934	\$ -	\$ -	\$ 442,371	\$ 20,516,305
Intangible rights	481,624	-	-	-	481,624
Construction in progress	58,480,383	11,398,110	-	(46,182,931)	23,695,562
Total	<u>79,035,941</u>	<u>11,398,110</u>	<u>-</u>	<u>(45,740,560)</u>	<u>44,693,491</u>
Capital assets, being depreciated:					
Buildings and improvements	107,601,963	-	-	43,697,245	151,299,208
Leasehold improvements	3,411,653	-	-	-	3,411,653
Automotive equipment	13,053,091	275,017	(255,745)	(8,100)	13,064,263
Other equipment	14,012,124	77,123	-	2,051,415	16,140,662
Right-to-use lease asset	9,323,347	29,415	-	-	9,352,762
Total	<u>147,402,178</u>	<u>381,555</u>	<u>(255,745)</u>	<u>45,740,560</u>	<u>193,268,548</u>
Less accumulated depreciation for:					
Buildings and improvements	53,814,936	3,006,420	-	-	56,821,356
Leasehold improvements	1,961,701	170,583	-	-	2,132,284
Automotive equipment	10,633,043	684,974	(255,745)	-	11,062,272
Other equipment	12,004,501	959,773	-	-	12,964,274
Right-to-use lease asset	-	2,831,958	-	-	2,831,958
Total	<u>78,414,181</u>	<u>7,653,708</u>	<u>(255,745)</u>	<u>-</u>	<u>85,812,144</u>
Total capital assets, being depreciated, net	<u>68,987,997</u>	<u>(7,272,153)</u>	<u>-</u>	<u>45,740,560</u>	<u>107,456,404</u>
Governmental activities capital assets, net	<u>\$ 148,023,938</u>	<u>\$ 4,125,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,149,895</u>

Depreciation expense by function:

Community Services	\$ 122,479
General government	2,300
Public safety	1,178,655
Human Services	126,729
Support Services	6,223,545
Total depreciation expense - governmental activities	<u>\$ 7,653,708</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
<i>Solid Waste Landfill:</i>					
Nondepreciable capital assets:					
Land	\$ 824,594	\$ -	\$ -	\$ -	\$ 824,594
Construction in progress	-	1,127,135	-	-	1,127,135
Total	<u>824,594</u>	<u>1,127,135</u>	<u>-</u>	<u>-</u>	<u>1,951,729</u>
Capital assets, being depreciated:					
Land improvements	7,422,587	-	-	-	7,422,587
Buildings	5,084,038	-	-	-	5,084,038
Equipment	12,196,430	2,126,055	(891,842)	-	13,430,643
Total	<u>24,703,055</u>	<u>2,126,055</u>	<u>(891,842)</u>	<u>-</u>	<u>25,937,268</u>
Less accumulated depreciation for:					
Land improvements	3,469,729	143,177	-	-	3,612,906
Buildings	2,071,687	163,499	-	-	2,235,186
Equipment	10,760,930	680,210	(891,842)	-	10,549,298
Total	<u>16,302,346</u>	<u>986,886</u>	<u>(891,842)</u>	<u>-</u>	<u>16,397,390</u>
Total capital assets being depreciated, net	<u>8,400,709</u>	<u>1,139,169</u>	<u>-</u>	<u>-</u>	<u>9,539,878</u>
Solid waste landfill fund capital assets, net	<u>\$ 9,225,303</u>	<u>\$ 2,266,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,491,607</u>
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>SportsPlex:</i>					
Nondepreciable capital assets:					
Land	\$ 794,466	\$ -	\$ -	\$ -	\$ 794,466
Construction in progress	-	-	-	-	-
Total	<u>794,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>794,466</u>
Capital assets, being depreciated:					
Buildings	12,742,945	1,000	-	-	12,743,945
Equipment	659,234	-	-	-	659,234
Total	<u>13,402,179</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>13,403,179</u>
Less accumulated depreciation for:					
Buildings	4,123,480	773,305	-	-	4,896,785
Equipment	592,889	27,840	-	-	620,729
Total	<u>4,716,369</u>	<u>801,145</u>	<u>-</u>	<u>-</u>	<u>5,517,514</u>
Total capital assets being depreciated, net	<u>8,685,810</u>	<u>(800,145)</u>	<u>-</u>	<u>-</u>	<u>7,885,665</u>
SportsPlex fund capital assets, net	<u>\$ 9,480,276</u>	<u>\$ (800,145)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,680,131</u>

*Construction commitments* – The County has active construction projects in progress at June 30, 2022. The County has contractual commitments on these projects of approximately \$5,113,000.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT

*The County* – Long-term liability activity for the year ended June 30, 2022 is as follows:

	<b>Beginning Balance, restated</b>	<b>Additions</b>	<b>Repayments and Adjustments</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
<b>Governmental activities:</b>					
General obligation bonds - direct placement	\$ 124,000,000	\$ 17,040,000	\$ (12,790,000)	\$ 128,250,000	\$ 11,435,000
Bond premiums	9,291,660	1,621,526	(874,674)	10,038,512	-
Total general obligation bonds	<u>133,291,660</u>	<u>18,661,526</u>	<u>(13,664,674)</u>	<u>138,288,512</u>	<u>11,435,000</u>
Installment notes - direct borrowing and direct placement	160,971,768	39,368,000	(17,374,697)	182,965,071	16,210,567
Note premiums	15,646,131	-	(923,714)	14,722,417	-
Total installment notes	<u>176,617,899</u>	<u>39,368,000</u>	<u>(18,298,411)</u>	<u>197,687,488</u>	<u>16,210,567</u>
Leases payable	9,323,347	29,415	(2,788,416)	6,564,346	2,655,871
Net pension liability (LGERS)	25,125,507	-	(14,589,047)	10,536,460	-
Total pension liability (LEOSSA)	6,671,108	698,312	(428,257)	6,941,163	-
Compensated absences	5,145,584	2,475,436	(3,495,293)	4,125,727	2,475,436
Claims payable	471,535	505,479	(354,127)	622,887	622,887
Net OPEB liability	161,449,960	9,456,607	(38,531,792)	132,374,775	-
Governmental activity Long-term liabilities	<u>\$ 518,096,600</u>	<u>\$ 71,194,775</u>	<u>\$ (92,150,017)</u>	<u>\$ 497,141,358</u>	<u>\$ 33,399,761</u>
<b>Business-type activities:</b>					
<i>Solid Waste Landfill</i>					
Installment notes - direct borrowing and direct placement	5,713,664	2,062,000	(885,593)	6,890,071	920,713
Note premiums	610,375	-	(37,682)	572,693	-
Total installment notes	<u>6,324,039</u>	<u>2,062,000</u>	<u>(923,275)</u>	<u>7,462,764</u>	<u>920,713</u>
Net pension liability (LGERS)	1,251,737	-	(470,717)	781,020	-
Post-closure care costs	7,246,899	319,435	-	7,566,334	369,623
Compensated absences	266,944	138,012	(174,936)	230,020	138,012
Total Long-term liabilities	<u>\$ 15,089,619</u>	<u>\$ 2,519,447</u>	<u>\$ (1,568,928)</u>	<u>\$ 16,040,138</u>	<u>\$ 1,428,348</u>
<i>SportsPlex</i>					
Installment notes - direct borrowing and direct placement	\$ 4,734,040	\$ 105,000	\$ (518,711)	\$ 4,320,329	\$ 551,779
Note premiums	392,651	-	(22,607)	370,044	-
Total installment notes	<u>\$ 5,126,691</u>	<u>\$ 105,000</u>	<u>\$ (541,318)</u>	<u>\$ 4,690,373</u>	<u>\$ 551,779</u>

For all governmental funds, compensated absences and claims payable are liquidated through the General Fund. The pension and OPEB liabilities are liquidated primarily through the General Fund.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. 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 at June 30, 2022 were as follows:

	Balance as of June 30, 2022
<b>Governmental activities:</b>	
\$24,440,000 Series 2011 refunding serial bonds, due in semi-annual installments through February 2023 with interest ranging from 3.00 to 4.00%.	\$ 1,370,000
\$13,300,000 Series 2012 refunding serial bonds, due in semi-annual installments through April 2024 with interest at 4.00%	6,445,000
\$5,900,000 Series 2017A school bonds, due in annual installments through February 2028 with interest ranging from 4.00 to 5.00%.	4,275,000
\$21,000,000 Series 2017B school bonds, due in annual installments through February 2028 with interest ranging from 2.15 to 5.00%.	19,245,000
\$64,400,000 Series 2018 school bonds, due in annual installments through August 2038 with interest ranging from 2.65 to 5.00%.	60,820,000
\$20,060,000 Series 2020 school bonds, due in annual installments through August 2040 with interest ranging from 2.00 to 5.00%.	19,055,000
\$2,500,000 Series 2021 school bonds, due in annual installments through August 2041 with interest ranging from 2.00 to 5.00%.	2,500,000
\$14,540,000 Series 2022 school bonds, due in annual installments through February 2043 with interest ranging from 4.00 to 5.00%.	14,540,000
Total outstanding installment purchase contracts	\$ 128,250,000

Of the amount serviced by the County's General Fund shown above, \$124,515,318 is considered to be debt related to the Schools.

During 2022, the County issued \$14,540,000 and \$2,500,000 in general obligation bonds Series 2021 and Series 2022, respectively ("GOs"). The GOs carry interest rates ranging from 2.00% - 5.00%. The GOs included premiums of \$362,579 and \$1,258,947 on Series 2021 and Series 2022, respectively.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

The annual debt service requirements to maturity on the general obligation bonds are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year Ending June 30,			
2023	\$ 11,435,000	\$ 4,652,797	\$ 16,087,797
2024	9,470,000	4,374,575	13,844,575
2025	6,910,000	3,933,975	10,843,975
2026	6,910,000	3,588,475	10,498,475
2027	6,910,000	3,244,850	10,154,850
2028-2032	34,540,000	11,735,295	46,275,295
2033-2037	34,480,000	5,680,931	40,160,931
2038-2042	16,870,000	1,062,369	17,932,369
2043	725,000	29,000	754,000
Total	\$ 128,250,000	\$ 38,302,267	\$ 166,552,267

As of June 30, 2022, the County has no authorized but unissued bonds. The County is subject to the Local Government Bond Act of North Carolina which limits the amount debt local governments can issue to 8% of the appraised value of property subject to taxation. The County's debt margin, at June 30, 2022, was \$1,444,347,611.

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Installment Notes Payable

All financing agreements are secured by the underlying assets along with the full faith and taxing authority of the County. The outstanding balances at June 30, 2022, were as follows:

	Balance as of June 30, 2022
<b>Governmental activities:</b>	
Direct borrowing - \$9,889,439 Certificates of Participation due in annual installments through January 2026 with interest ranging from 4.00 to 5.00%.	\$ 2,637,184
Direct placement - \$55,257,136 Series 2012 limited obligation bonds due in annual installments through October 2022 with interest ranging from 0.00 to 5.00%.	4,204,446
Direct placement - \$4,136,434 of qualified school construction bonds due in annual installments through March 2025 at 0% interest.	827,287
Direct placement - \$17,029,037 Series 2015 NM limited obligation bonds due in annual installments through April 2030 with interest ranging from 3.25 to 5.00%.	9,855,000
Direct placement - \$25,556,391 Series 2017 limited obligation bonds due in annual installments through October 2032 with interest ranging from 0.00 to 5.00%.	23,373,540
Direct placement - \$10,079,071 Series 2017 from Sterling Bank due in annual installments through June 2037 with interest at 2.83%.	6,702,000
Direct placement - \$7,242,241 Series 2018 limited obligation bonds due in annual installments through October 2038 with interest ranging from 3.25 to 5.00%.	4,890,000
Direct placement - \$12,796,234 Series 2019A limited obligation bonds due in annual installments through October 2039 with interest ranging from 4.00 to 5.00%.	11,025,000
Direct placement - \$28,869,388 Series 2019B limited obligation bonds due in annual installments through October 2039 with interest ranging from 1.75 to 5.00%.	20,783,623
Direct placement - \$39,663,000 Series 2020 limited obligation bonds due in annual installments through October 2040 with interest at 2.70%.	37,322,000
Direct placement - \$18,490,000 Series 2021A limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.	18,075,000
Direct placement - \$4,035,555 Series 2021B taxable limited obligation refunding bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.	3,901,991
Direct placement - \$6,885,000 Series 2022A limited obligation bonds due in annual installments through February 2031 with interest at 2.13%.	6,885,000
Direct placement - \$32,483,000 Series 2022B limited obligation bonds due in annual installments through February 2043 with interest at 2.41%.	32,483,000
Total outstanding installment purchase contracts	\$ 182,965,071

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Installment Notes Payable (Continued)

Of the amount serviced by the County's General Fund shown above, \$49,769,892 is considered to be debt related to the Schools.

The annual debt service requirements to maturity on the installment notes from direct borrowings and placements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2023	\$ 16,210,567	\$ 5,965,387	\$ 22,175,954
2024	18,406,468	5,569,964	23,976,432
2025	17,253,652	4,925,965	22,179,617
2026	15,079,081	4,299,969	19,379,050
2027	15,769,423	3,622,705	19,392,128
2028-2032	46,268,836	11,923,488	58,192,324
2033-2037	30,861,044	5,520,791	36,381,835
2038-2042	21,499,000	1,488,743	22,987,743
2043	1,617,000	38,970	1,655,970
Total	<u>\$ 182,965,071</u>	<u>\$ 43,355,982</u>	<u>\$ 226,321,053</u>

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Installment Notes Payable (Continued)

	Balance as of June 30, 2022
<b>Business-type activities:</b>	
<i>Solid Waste Landfill</i>	
Direct placement - \$2,711,193 Series 2012 limited obligation bonds due in annual installments through October 2022 with interest at 5.00%.	\$ 213,293
Direct placement - \$1,022,396 Series 2015 NM limited obligation bonds due in annual installments through April 2030 with interest ranging from 0.00 to 5.00%.	520,000
Direct placement - \$1,228,736 Series 2017 limited obligation bonds due in annual installments through October 2032 with interest ranging from 0.00 to 5.00%.	1,152,393
Direct borrowing - \$350,091 Series 2017 from Sterling Bank due in annual installments through June 2037 with interest at 2.83%.	174,000
Direct placement - \$267,759 Series 2018 limited obligation bonds due in annual installments through October 2038 with interest ranging from 3.25 to 5.00%.	145,000
Direct placement - \$1,338,766 Series 2019A limited obligation bonds due in annual installments through October 2039 with interest ranging from 4.00 to 5.00%.	1,105,000
Direct placement - \$306,444 Series 2019B limited obligation bonds due in annual installments through October 2039 with interest ranging from 1.75 to 5.00%.	171,376
Direct placement - \$998,000 Series 2020 limited obligation bonds due in annual installments through October 2040 with interest ranging at 2.70%.	889,000
Direct placement - \$270,000 Series 2021A limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.	270,000
Direct placement - \$194,445 Series 2021B taxable limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.	188,009
Direct placement - \$519,000 Series 2022A limited obligation bonds due in annual installments through February 2031 with interest at 2.13%	519,000
Direct placement - \$1,543,000 Series 2022B limited obligation bonds due in annual installments through February 2043 with interest at 2.41%	1,543,000
	\$ 6,890,071
Total outstanding installment purchase contracts	\$ 6,890,071

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Installment Notes Payable (Continued)

	Balance as of June 30, 2022
<b>Business-type activities:</b>	
<i>SportsPlex</i>	
Direct placement - \$1,011,671 Series 2012 limited obligation bonds due in annual installments through October 2022 with interest ranging from 0.00 to 5.00%.	\$ 222,262
Direct placement - \$2,058,567 Series 2015 NM limited obligation bonds due in annual installments through April 2030 with interest ranging from 3.25 to 5.00%.	485,000
Direct placement - \$334,873 Series 2017 limited obligation bonds due in annual installments through October 2032 with interest ranging from 0.00 to 5.00%.	314,067
Direct borrowing - \$3,041,839 Series 2017 from Sterling Bank due in annual installments through June 2037 with interest at 2.83%.	2,093,000
Direct placement - \$569,169 Series 2019B limited obligation bonds due in annual installments through October 2039 with interest ranging from 1.75 to 5.00%.	445,000
Direct placement - \$70,000 Series 2020 limited obligation bonds due in annual installments through October 2040 with interest ranging at 2.70%.	61,000
Direct placement - \$595,000 Series 2021A limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.	595,000
Direct placement - \$405,000 Series 2022B limited obligation bonds due in annual installments through February 2043 with interest at 2.41%.	105,000
Total outstanding installment purchase contracts	\$ 4,320,329

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Installment Notes Payable (Continued)

The annual debt service requirements to maturity on the installment notes from direct borrowings and placements are as follows:

	Business-type Activities			
	Solid Waste Landfill		SportsPlex	
	Principal	Interest	Principal	Interest
Year Ending June 30,				
2023	\$ 920,713	\$ 219,416	\$ 551,779	\$ 146,507
2024	931,733	197,140	336,857	128,400
2025	784,436	165,587	346,970	115,453
2026	706,020	137,269	322,196	102,023
2027	845,049	105,503	382,527	87,839
2028-2032	1,638,164	272,729	1,195,000	286,125
2033-2037	686,956	100,211	970,000	112,128
2038-2042	342,000	24,604	210,000	11,998
2043	35,000	844	5,000	121
Total	<u>\$ 6,890,071</u>	<u>\$ 1,223,303</u>	<u>\$ 4,320,329</u>	<u>\$ 990,594</u>

#### Lease Payable

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On July 1, 2021, the County entered into multiple land and building leases with lease terms ranging from 16 months to 105 months. The initial lease liability recorded for the land and building leases was \$9,015,502. As of June 30, 2022, the value of the lease liability is \$6,343,204. The County is required to make monthly fixed payments ranging from \$2,767 to \$71,705. The leases have interest rates ranging from 0.3080% to 1.4480%. The value of the right to use assets for the land and building leases as of June 30, 2022, was \$9,015,502 with accumulated amortization of \$2,715,337.

On July 1, 2021; December 1, 2021; January 3, 2022; and February 1, 2022, the County entered into multiple copier leases with lease terms ranging from 24 months to 48 months. The initial lease liability recorded for the copier leases was \$142,063. As of June 30, 2022, the value of the lease liability is \$125,121. The County is required to make monthly fixed payments ranging from \$50 to \$353. The leases have interest rates ranging from 0.4350% to 1.4690%. The value of the right to use assets for the copier leases as of June 30, 2022, was \$171,478 with accumulated amortization of \$46,375.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Lease Payable (Continued)

On July 1, 2021, the County entered into multiple vehicle leases with lease terms ranging from 18 months to 49 months. The initial lease liability recorded for the vehicle leases was \$165,782. As of June 30, 2022, the value of the lease liability is \$96,022. The County is required to make monthly fixed payments ranging from \$228 to \$452. The leases have interest rates ranging from 0.4350% to 0.8140%. The value of the right to use assets for the vehicle leases as of June 30, 2022, was \$165,782 with accumulated amortization of \$70,247.

Debt service to maturity on the County's outstanding leases are as follows:

Fiscal Year	Principal	Interest	Payments
2023	\$ 2,655,871	\$ 52,811	\$ 2,708,682
2024	1,523,768	35,715	1,559,483
2025	740,356	25,546	765,902
2026	698,311	17,072	715,383
2027	518,365	8,927	527,292
2028 - 2031	427,675	8,940	436,615
	\$ 6,564,347	\$ 149,010	\$ 6,713,356

#### Landfill Closure and Post-Closure Care Costs

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 of \$7,566,334 for closure and post-closure care in the Solid Waste Landfill Fund. The County's municipal solid waste landfill is no longer accepting waste and has been closed with all estimated post-closure costs estimated and accrued. Phase 1 and 2 of the County's construction and demolition landfill continues to accept waste while the remaining phases have not been opened and are not included in the liability estimate. Additional capacity for the cell will be available with construction of Phase 3 (lateral expansion) and Phase 4 and 5 (vertical expansions).

As of June 30, 2022, the construction and demolition landfill has used approximately 78% of the permitted 424,000 cubic yards of capacity. The remaining costs, not yet accrued for the construction and demolition landfill of \$939,388 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. INTERFUND BALANCES AND TRANSFERS

#### Interfund Receivables and Payables

The County uses a central depository to pool its cash and investments. The General Fund is the primary lending fund when timing differences create cash deficits in other funds. These deficits are temporary and are reported as “Due to other funds”. The offsetting receivable balance is recorded in the General Fund as “Due from other funds”. Interfund balances between governmental funds and the internal service fund is eliminated at the government-wide level. The outstanding balance of \$1,879,808, at June 30, 2022, was between the General Fund and the COVID-19 relief fund and it was eliminated at the government-wide level.

#### Transfers

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. The following is a summary of the transfers made during the year:

	Transfers from Other Funds						Transfers to Others Fund
	General Fund	County Capital Improvements Fund	School Capital Improvements Fund	Non-Major Governmental Funds	COVID-19 Relief Fund	SportsPlex Fund	
General Fund	\$ -	\$ 6,179,317	\$ 1,308,468	\$ 995,107	\$ -	\$ 790,000	\$ 9,272,892
County Capital Improve- ments Fund	20,833	-	-	-	-	-	20,833
Non-major governmental fund	74,504	-	-	-	325,000	-	399,504
Total transfers	\$ 95,337	\$ 6,179,317	\$ 1,308,468	\$ 995,107	\$ 325,000	\$ 790,000	\$ 9,693,229

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. NET POSITION/FUND BALANCE

#### Net Investment in Capital Assets

As discussed in Note 1M, the County issues debt for the acquisition and construction of assets for the Schools. The calculation of “Net Investment in Capital Assets” must exclude school related debt because the County does not own the assets. The following summarizes the County’s calculation:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Capital assets, net	\$ 152,149,895	\$ 20,171,738
Less:		
County related debt - bonds	(3,734,682)	-
County related debt - installment notes	(126,493,179)	(11,210,400)
Unamortized premium on County related debt	(8,694,040)	(942,737)
County related debt - leases	(6,564,347)	
Add:		
Unexpended proceeds on County related debt	58,124,211	1,709,444
Net investment in capital assets	\$ 64,787,858	\$ 9,728,045

#### Encumbrances

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At June 30, 2022, there were \$1,208,178 in encumbrances in the General Fund.

#### Fund Balance Available for Appropriation

Certain portions of fund balance are not available for spending. The following schedule provides the County and its citizens with information on the portion of fund balance, in the General Fund, that is available for appropriation:

Total fund balance – General Fund	\$ 81,346,392
Less:	
Nonspendable fund balance	(78,714)
Stabilization by state statute	(20,244,134)
Fund balance available for appropriation	\$ 61,023,544

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS

#### A. Local Governmental Employees' Retirement System

**Plan Description.** The 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 Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The State's ACFR 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](http://www.osc.nc.gov).

**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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

**Contributions.** Contribution provisions are established by NCGS 128-30 and may be amended only by the North Carolina General Assembly. 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 County's contractually required contribution rate for 2022 was 12.10% of compensation for law enforcement officers and 11.35% for general employees and firefighters. The total actuarially determined employer and employee contributions are expected to finance the costs of benefits earned by employees during the year. Contributions from the County were \$6,286,305 for the year ended June 30, 2022.

*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, 2022, the County reported a liability of \$11,317,480 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, 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. The County's proportion was 0.73797%, at June 30, 2022, which was a decrease of 0.00018% from its proportion measured as of June 30, 2021.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

##### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

For the year ended June 30, 2022, the County recognized pension expense of \$4,826,293. The County reported deferred outflows of resources and deferred inflows of resources related to pensions, at June 30, 2022, from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,600,497	\$ -
Net difference between projected and actual earnings on pension plan investments	-	16,169,277
Changes in proportion and differences between County contributions and proportionate share of contributions	82,064	127,077
Changes in plan assumptions	7,110,267	-
County contributions subsequent to the measurement date	6,286,305	-
Total	\$ 17,079,133	\$ 16,296,354

County contributions made subsequent to the measurement date of \$6,286,305 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, 2023. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30:</b>	
2023	\$ 1,031,436
2024	(381,937)
2025	(1,205,127)
2026	(4,947,898)
Total	\$ (5,503,526)

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 – 8.25% percent
Investment rate of return	6.50 percent, net of pension plan investment expense including inflation

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

**Actuarial Assumptions (Continued).** The plan currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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. 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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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	<u>100%</u>	

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

**Actuarial Assumptions (Continued).** The information above is based on 30-year expectations developed with the consulting actuary for the 2016 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 6.50%. 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.

**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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 43,933,509	\$ 11,317,478	\$ (15,523,620)

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the state of North Carolina.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### B. Law Enforcement Officers Special Separation Allowance

**Plan Description.** The 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, 2020, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	14
Active plan members	102
Total	<u>116</u>

**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, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 - 7.75 percent
Discount rate	2.25 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 1.93% to 2.25% due to a change in the Municipal Bond Rate.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### B. Law Enforcement Officers Special Separation Allowance (Continued)

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the LGERS for the five-year period ending December 31, 2019.

**Mortality Assumptions.** All mortality rates use Pub-2010 amount-weighted tables.

**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 \$261,484 as benefits came due for the reporting period.

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

The County reported a total pension liability at June 30, 2022 of \$6,941,163. The total pension liability was measured as of December 31, 2021, based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021, utilizing update procedures incorporating the actuarial assumptions. The County recognized pension expense of \$902,425 for the year ended June 30, 2022. The County reported deferred outflows of resources and deferred inflows of resources related to pensions, at June 30, 2022, from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in assumptions	\$ 1,126,431	\$ 188,320
Difference between expected and actual experience	658,176	-
County benefit payments made subsequent to the measurement date.	133,054	-
Total	\$ 1,917,661	\$ 188,320

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### B. Law Enforcement Officers Special Separation Allowance (Continued)

An amount of \$133,054 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, 2023. 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	
2023	\$ 486,179
2024	434,318
2025	388,094
2026	274,013
2027	13,683
Total	\$ 1,596,287

**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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 7,496,408	\$ 6,941,163	\$ 6,431,594

**Changes in the Total Pension Liability.** The changes in County's the total pension liability for the year ended June 30, 2022, were as follows:

	Total Pension Liability
Balance at June 30, 2021	\$ 6,671,108
Service cost	286,606
Interest	126,285
Difference between expected and actual experience	285,421
Change of assumptions or other inputs	(172,578)
Contributions	(255,679)
Balance at June 30, 2022	\$ 6,941,163

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### 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 ACFR for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Registers 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](http://www.osc.nc.gov).

**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 \$11,237 for the year ended June 30, 2022.

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

The County reported an asset of \$198,513 at June 30, 2022 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, 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, 2021, the County's proportion was 1.03322%, which was a decrease of 0.04935% from its proportion measured as of June 30, 2020.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

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

The County recognized pension expense of \$13,915 for the year ended June 30, 2022. The County reported deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2022 from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,118	\$ 2,407
Changes of assumptions	14,475	-
Net difference between projected and actual earnings on pension plan investments	-	610
Changes in proportion and differences between County contributions and proportionate share of contributions	12,309	4,458
County contributions subsequent to measurement date	11,237	-
Total	\$ 40,139	\$ 7,475

County contributions made subsequent to the measurement date of \$11,237 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension asset during the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30:</b>	
2023	\$ 10,102
2024	7,162
2025	(465)
2026	4,628
Total	\$ 21,427

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 – 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2020 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, 2022, is 4.90%, including inflation.

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 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 3.05%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 3.00%. 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.

## NOTES TO FINANCIAL STATEMENTS

### 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 3.00 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 (2.00 percent) or one percentage point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension asset	\$ 157,680	\$ 198,513	\$ 232,826

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR 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 (the "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 ACFR for the state of North Carolina. The State's ACFR 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 may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022, were \$1,102,371 which consisted of \$736,614 from the County and \$365,757 from the law enforcement officers.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### A. County OPEB Plan

**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 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, 2020, the date of the latest actuarial valuation:

Active participants	1,057
Retirees and beneficiaries currently receiving benefits	431
Total	<u>1,488</u>

**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. The County contributed \$2,838 per active employee for the year ended June 30, 2022. 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. Benefit payments by the County were \$3,000,312 for the year ended June 30, 2022.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

#### A. County OPEB Plan (Continued)

##### Investments

**Investment Policy.** The PHCB 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 PHCB Plan 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, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity Index Fund	75.0%	7.00%
Fixed Income Index Fund	15.0%	2.84%
Cash	10.0%	2.32%
Total	<u>100%</u>	

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

**Rate of Return.** The annual money weighted rate of return on investments of the HCB Plan, net of investment expense, was 7.0 percent for the year ended June 30, 2022. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

#### A. County OPEB Plan (Continued)

##### Net OPEB Liability

The County's total OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	3.54%
Inflation rate	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law enforcement officers	3.25% - 7.90%
Long-term expected rate of return on OPEB investments	7%, net of OPEB investment expense including price inflation
Municipal bond rate	3.54%
Healthcare cost trend rates:	
Pre-Medicare and prescription drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare and prescription drug	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board. The remaining actuarial assumptions were based on a review of recent plan experience performed concurrently with the June 30, 2020 valuation.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

#### A. County OPEB Plan (Continued)

**Mortality Assumptions.** Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

**Long-term Rate of Return.** 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity Index Fund	75.0%
Fixed Income Index Fund	15.0%
Cash	10.0%
Total	100%

**Discount Rate.** The discount rate used to measure the net OPEB liability was 3.54 percent. The projection of cash flows used to determine the discount rate assumed that the County would 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 2022. Therefore, the long-term expected rate of return on OPEB plan investments was applied to projected benefit payments until 2022 to determine the net OPEB liability. For projected benefit payments of current plan members after 2022, the index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.54 percent as determined by the Bond Buyer 20-year Bond GO Index Rate as of June 30, 2022 – was used. The discount rate of 3.54 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 3.54 percent was an increase from the discount rate of 2.16 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

#### A. County OPEB Plan (Continued)

**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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	<b>1% Decrease (2.54%)</b>	<b>Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB liability	\$ 156,388,003	\$ 132,374,775	\$ 113,450,106

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.** The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Total OPEB liability	\$ 110,056,753	\$ 132,374,775	\$ 161,335,436

**Changes in the Net OPEB Liability of the County.** The changes in the components of the County's net OPEB liability for the year ended June 30, 2022, were as follows:

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Total OPEB Liability</b>
<b>Balances at June 30, 2021</b>	\$ 161,879,726	\$ 429,766	\$ 161,449,960
<b>Changes for the year:</b>			
Service cost	5,925,502	-	5,925,502
Interest	3,464,372	-	3,464,372
Differences between expected and actual experience	(709,451)	-	(709,451)
Assumption changes	(34,822,029)	-	(34,822,029)
Contributions	-	3,000,312	(3,000,312)
Net investment income	-	(66,733)	66,733
Benefit payments	(3,000,312)	(3,000,312)	-
<b>Net changes</b>	<b>(29,141,918)</b>	<b>(66,733)</b>	<b>(29,075,185)</b>
<b>Balances at June 30, 2022</b>	<b>\$ 132,737,808</b>	<b>\$ 363,033</b>	<b>\$ 132,374,775</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

#### A. County OPEB Plan (Continued)

**Changes in the Net OPEB Liability of the County (Continued).** 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 County's total OPEB liability.

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

The County recognized OPEB expense of \$10,851,676 for the year ended June 30, 2022. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB, at June 30, 2022, from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 16,394,143	\$ 1,341,057
Change in assumptions	16,853,244	34,171,320
Differences between earnings on plan investments	16,282	-
Total	\$ 33,263,669	\$ 35,512,377

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

<b>Year ending June 30:</b>	
2023	\$ 1,494,059
2024	1,698,438
2025	1,737,071
2026	(565,641)
2027	(4,391,919)
Thereafter	(2,220,716)
Total	\$ (2,248,708)

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The County has deferred outflows of resources and deferred inflows of resources at June 30, 2022. Each deferral may be accounted for differently under the modified accrual basis of accounting and the full accrual basis of accounting. The following is a summary of each deferral under each basis of accounting:

	<b>Modified Accrual</b>	<b>Full Accrual</b>
<b>Deferred Outflows of Resources:</b>		
<i>Governmental activities:</i>		
Pension - LGERS	\$ -	\$ 16,102,136
Pension - LEOSSA	-	1,917,661
Pension - RODSPF	-	40,139
OPEB	-	33,263,669
Deferred loss on refunding bonds	-	2,806,936
Total governmental activities	\$ -	\$ 54,130,541
<i>Business-type activities:</i>		
Pension - LGERS	\$ -	\$ 976,997
	<b>Modified Accrual</b>	<b>Full Accrual</b>
<b>Deferred Inflows of Resources:</b>		
<i>Governmental activities:</i>		
Unavailable revenue:		
Intergovernmental revenue	\$ 94,369	\$ -
Property taxes receivable	2,753,836	-
Prepaid property taxes	595,476	595,476
Leases	1,632,734	1,632,734
Pension - LGERS	-	15,171,742
Pension - LEOSSA	-	188,320
Pension - RODSPF	-	7,475
OPEB	-	35,512,377
Total governmental activities	\$ 5,076,415	\$ 53,108,124
<i>Business-type activities:</i>		
Pension - LGERS	\$ -	\$ 1,124,612
Deferred loss on refunding bonds	-	78,555
Total business-type activities	\$ -	\$ 1,203,167

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. 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 Blue Cross-Blue Shield ("Blue Cross") and Delta Dental ("Delta"), respectively. Claims are administered and paid directly from the plan by Blue Cross and Delta. 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.

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.

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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 12. RISK MANAGEMENT (CONTINUED)

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 \$250,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County records a liability for estimated claims incurred but not reported (IBNR) at the end of every year based on an analysis provided by third parties. The following table summarize IBNR for the two-year period ended June 30, 2022:

	<b>2022</b>	<b>2021</b>
<b>Dental and health insurance:</b>		
Beginning balances:	\$ 835,227	\$ 682,312
Add:		
Claims incurred and changes in IBNR	11,122,305	12,150,645
Less:		
Claims paid	11,503,953	11,997,730
Ending balances	\$ 453,579	\$ 835,227
	<b>2022</b>	<b>2021</b>
<b>Workers compensation:</b>		
Beginning balances:	\$ 471,535	\$ 456,657
Add:		
Claims incurred and changes in IBNR	505,479	2,823,591
Less:		
Claims paid	354,127	2,808,713
Ending balances	\$ 622,887	\$ 471,535

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 13. COMMITMENTS AND CONTINGENCIES

#### A. Claims and 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.

#### B. Federal and State Assistance Programs

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.

### NOTE 14. 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 15. JOINT VENTURES

Orange County Commissioners confirmed a Management, Merger, and Dissolution Agreement dissolving its relationship with Cardinal Innovations effective December 1, 2021, and transferring its service responsibilities for residents needing mental health, developmental disabilities, and substance abuse services to Alliance Health, a Managed Care Organization and Area Authority.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 16. RESTATEMENT OF BEGINNING BALANCES

Beginning net position for governmental activities, business-type activities, and the SportsPlex enterprise fund have been restated as of July 1, 2021, to correct for misstatements that occurred in prior years. The nature of these restatements is as follows:

#### A. Capital Assets

Beginning net position of the County's governmental activities has been restated to account for errors that occurred in prior years related to its reporting of capital assets. As of June 30, 2021, the County (1) did not remove a project from construction-in-progress (CIP) that had been completed and moved to a depreciable capital asset category (\$2,076,679); (2) improperly expensed project-related costs that should have been capitalized and reported as CIP (\$815,609); and (3) improperly capitalized and reported as CIP costs that should have been expensed (\$125,774).

#### B. Long-term Debt and Related Items

Beginning net position of the County's governmental activities, business-type activities, and SportsPlex Fund have been restated to account for errors that occurred in prior years related to the reporting of outstanding balances of limited obligation bonds (LOBs). At the time of issuance of the LOBs, the County improperly calculated the portion of the issuance allocated to the SportsPlex Fund resulting in the overstatement of the liability in the enterprise fund and understatement of the liability in governmental activities. Furthermore, the County improperly calculated the unamortized balances of several premiums related to the long-term debt issuances and adjustments were required to correct the unamortized balances to report the items in accordance with GAAP.

The net impact on beginning net position for the County's governmental activities, business-type activities, and SportsPlex Fund is summarized as follows:

<u>Fund Balance/Net Position</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>SportsPlex Fund</u>
Beginning balances - as previously reported	\$ (182,218,760)	\$ 14,735,053	\$ 3,702,858
Adjustments:			
Construction in progress	(1,386,844)	-	-
Limited obligation bond payable	(667,950)	647,950	647,950
Premium	1,002,969	-	-
Beginning balances - as restated	<u>\$ (183,270,585)</u>	<u>\$ 15,383,003</u>	<u>\$ 4,350,808</u>

# REQUIRED SUPPLEMENTARY INFORMATION

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# ORANGE COUNTY, NORTH CAROLINA

## SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB LIABILITY AND RELATED RATIOS OPEB RETIREMENT PLAN LAST TEN FISCAL YEARS

	2022	2021	2020	2019
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 5,925,502	\$ 5,517,347	\$ 3,759,792	\$ 3,546,801
Interest on total OPEB liability	3,464,372	3,009,011	3,703,143	3,694,759
Difference between expected and actual experience	(709,451)	23,633,990	(804,583)	(793,706)
Changes of assumptions and other inputs	(34,822,029)	(5,075,957)	26,272,770	6,841,423
Benefit payments	(3,000,312)	(2,703,205)	(2,452,218)	(2,477,527)
Net change in total OPEB liability	(29,141,918)	24,381,186	30,478,904	10,811,750
Beginning balance	161,879,726	137,498,540	107,019,636	96,207,886
Ending balance (a)	132,737,808	161,879,726	137,498,540	107,019,636
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	3,000,312	2,703,205	2,452,218	2,477,527
Net investment income (loss)	(66,733)	121,570	7,255	17,163
Benefit payments	(3,000,312)	(2,703,205)	(2,452,218)	(2,477,527)
Net change in plan fiduciary net position	(66,733)	121,570	7,255	17,163
Beginning balance	429,766	308,196	300,941	283,778
Ending balance (b)	363,033	429,766	308,196	300,941
Net OPEB liability (a) - (b)	\$ 132,374,775	\$ 161,449,960	\$ 137,190,344	\$ 106,718,695
<b>RELATED RATIOS</b>				
Plan fiduciary net position as a percentage of the total OPEB liability	0.2742%	0.2662%	0.2246%	0.2820%
Covered payroll	\$ 55,572,023	\$ 55,572,023	\$ 47,235,903	\$ 47,235,903
Net OPEB liability as a percentage of covered payroll	238.20%	290.52%	290.44%	225.93%

**Notes to the Schedule:**

N/A - Information prior to the implementation of GASB Statement No. 75 does not exist. This schedule is building to be a ten year schedule as information becomes available.

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$	3,733,643	\$ 4,183,701	N/A	N/A	N/A	N/A
	3,398,954	3,039,332	N/A	N/A	N/A	N/A
	574,520	-	N/A	N/A	N/A	N/A
	(5,125,557)	(9,448,990)	N/A	N/A	N/A	N/A
	(3,137,462)	(3,300,768)	N/A	N/A	N/A	N/A
	(555,902)	(5,526,725)	N/A	N/A	N/A	N/A
	96,763,788	102,290,513	N/A	N/A	N/A	N/A
	96,207,886	96,763,788	N/A	N/A	N/A	N/A
	3,137,462	3,550,768	N/A	N/A	N/A	N/A
	23,856	9,922	N/A	N/A	N/A	N/A
	(3,137,462)	(3,300,768)	N/A	N/A	N/A	N/A
	23,856	259,922	N/A	N/A	N/A	N/A
	259,922	-	N/A	N/A	N/A	N/A
	283,778	259,922	N/A	N/A	N/A	N/A
\$	95,924,108	\$ 96,503,866	N/A	N/A	N/A	N/A
	0.2958%	0.2693%	N/A	N/A	N/A	N/A
\$	45,902,461	\$ 42,769,990	N/A	N/A	N/A	N/A
	208.97%	225.63%	N/A	N/A	N/A	N/A

# ORANGE COUNTY, NORTH CAROLINA

## SCHEDULE OF COUNTY CONTRIBUTIONS OPEB RETIREMENT PLAN LAST TEN FISCAL YEARS

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Actuarially determined contribution	\$ 7,722,844	\$ 7,895,271	\$ 7,895,271	\$ 7,192,181
Contributions in relation to the actuarially determined contribution	3,000,312	2,452,218	2,452,218	2,477,527
Contribution deficiency (excess)	4,722,532	5,443,053	5,443,053	4,714,654
Covered payroll	\$ 55,572,023	\$ 55,572,023	\$ 47,235,903	\$ 47,235,903
Contributions as a percentage of covered payroll	5.40%	4.41%	5.19%	5.25%

**Notes to the Schedule:**

N/A - Information prior to the implementation of GASB Statement No. 75 does not exist. This schedule is building to be a ten year schedule as information becomes available.

Current year actuarial assumptions:

Valuation date	June 30, one year prior to the end of the fiscal year in which contributions are reported.
Cost method	Entry Age.
Asset valuation method	Market Value.
Inflation	2.5%
Long-term rate of return on investments	7.00%, net of investment expenses, including inflation
Wage inflation	3.25%
Projected salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law enforcement officers	3.25% - 7.90%
Cost-of-living Adjustment	None
Amortization Method	Level Percentage of Payroll, Assuming 3.50% Payroll Growth
Remaining Amortization Period	26 years, closed
Health Care Cost Trends:	
Pre-Medicare and prescription drug	7.00% for 2020, decreasing to an ultimate rate of 4.50% by 2030.
Medicare and prescription drug	5.25% for 2020, decreasing to an ultimate rate of 4.50% by 2024.
Mortality	Rates based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 7,192,181	\$ 6,820,935	\$ 5,374,915	\$ 5,374,915	N/A	N/A	N/A
3,137,462	3,550,768	2,361,272	2,361,272	N/A	N/A	N/A
4,054,719	3,270,167	3,013,643	3,013,643	N/A	N/A	N/A
\$ 45,902,461	\$ 45,902,461	\$ 42,769,990	\$ 42,769,990	N/A	N/A	N/A
6.84%	7.74%	5.52%	5.52%	N/A	N/A	N/A

**ORANGE COUNTY, NORTH CAROLINA**

**SCHEDULE OF OPEB INVESTMENT RETURNS  
OPEB RETIREMENT PLAN  
LAST TEN FISCAL YEARS**

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	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expenses	<u>-16.84%</u>	<u>32.95%</u>	<u>2.41%</u>	<u>6.05%</u>

**Notes to the Schedule:**

N/A - Information prior to the implementation of GASB Statement No. 75 does not exist. This schedule is building to be a ten year schedule as information becomes available.

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<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<u>0.70%</u>	<u>4.00%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

# ORANGE COUNTY, NORTH CAROLINA

## SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>TOTAL PENSION LIABILITY</b>				
Beginning balance	\$ 6,671,108	\$ 4,708,711	\$ 4,177,156	\$ 4,016,727
Service Cost	286,606	169,991	149,644	158,300
Interest on the total pension liability	126,285	149,580	148,114	123,815
Difference between expected and actual experience	285,421	301,174	314,668	237,158
Changes of assumptions or other inputs	(172,578)	1,582,362	135,303	(161,804)
Benefit payments	(255,679)	(240,710)	(216,174)	(197,040)
Ending balance	<u>\$ 6,941,163</u>	<u>\$ 6,671,108</u>	<u>\$ 4,708,711</u>	<u>\$ 4,177,156</u>

**Notes to the Schedule:**

N/A - Information prior to the implementation of GASB Statement No. 73 does not exist. This schedule is building to be a ten year schedule as information becomes available.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 3,542,524	\$ 3,494,747	N/A	N/A	N/A	N/A	N/A
134,129	135,380	N/A	N/A	N/A	N/A	N/A
133,794	122,514	N/A	N/A	N/A	N/A	N/A
130,316	-	N/A	N/A	N/A	N/A	N/A
228,699	(84,160)	N/A	N/A	N/A	N/A	N/A
(152,735)	(125,957)	N/A	N/A	N/A	N/A	N/A
<u>\$ 4,016,727</u>	<u>\$ 3,542,524</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

# ORANGE COUNTY, NORTH CAROLINA

## SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE LAST TEN FISCAL YEARS

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total pension liability	\$ 6,941,163	\$ 6,671,108	\$ 4,708,711	\$ 4,177,156
Covered payroll	\$ 6,397,063	\$ 5,908,664	\$ 5,400,524	\$ 5,161,378
Total pension liability as a percentage of covered payroll	108.51%	112.90%	87.19%	80.93%

**Notes to the Schedule:**

N/A - Information prior to the implementation of GASB Statement No. 73 does not exist. This schedule is building to be a ten year schedule as information becomes available.

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

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<u>\$ 4,016,727</u>	<u>\$ 3,542,524</u>	<u>\$ 3,494,747</u>	<u>\$ 3,494,747</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 5,086,750</u>	<u>\$ 4,842,049</u>	<u>\$ 4,190,815</u>	<u>\$ 4,190,815</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>78.96%</u>	<u>73.16%</u>	<u>83.39%</u>	<u>83.39%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

# ORANGE COUNTY, NORTH CAROLINA

## SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's percentage of the net pension liability (asset)	<u>0.73797%</u>	<u>0.73815%</u>	<u>0.76207%</u>	<u>0.76253%</u>
County's proportion of the net pension liability (asset)	<u>\$ 11,317,478</u>	<u>\$ 26,377,244</u>	<u>\$ 20,811,537</u>	<u>\$ 18,089,819</u>
County's covered payroll	<u>\$ 47,890,328</u>	<u>\$ 47,383,875</u>	<u>\$ 46,005,737</u>	<u>\$ 47,246,720</u>
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>23.63%</u>	<u>55.67%</u>	<u>45.24%</u>	<u>38.29%</u>
Plan fiduciary net position as a percentage of the total pension liability (1)	<u>95.51%</u>	<u>88.61%</u>	<u>91.30%</u>	<u>94.18%</u>

**Notes to the Schedule:**

N/A - Information prior to the implementation of GASB Statement No. 68 does not exist. This schedule is building to be a ten year schedule as information becomes available.

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

(1) - This information was obtained from the State of North Carolina's Annual Comprehensive Financial Report.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<u>0.75814%</u>	<u>0.78464%</u>	<u>0.70825%</u>	<u>0.69420%</u>	<u>0.66320%</u>	<u>N/A</u>
<u>\$ 11,582,279</u>	<u>\$ 16,652,689</u>	<u>\$ 3,178,584</u>	<u>\$ (4,094,256)</u>	<u>\$ (7,994,107)</u>	<u>N/A</u>
<u>\$ 44,203,050</u>	<u>\$ 45,272,812</u>	<u>\$ 43,233,224</u>	<u>\$ 41,507,819</u>	<u>\$ 39,732,374</u>	<u>N/A</u>
<u>26.20%</u>	<u>36.78%</u>	<u>7.35%</u>	<u>( 9.86%)</u>	<u>( 20.12%)</u>	<u>N/A</u>
<u>91.47%</u>	<u>98.09%</u>	<u>99.07%</u>	<u>102.64%</u>	<u>94.35%</u>	<u>N/A</u>

# ORANGE COUNTY, NORTH CAROLINA

## SCHEDULE OF COUNTY'S CONTRIBUTIONS LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	\$ 6,286,305	\$ 5,549,552	\$ 4,264,529	\$ 3,588,591
Contributions in relation to the contractually required contribution	6,286,305	5,549,552	4,264,529	3,588,591
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 48,681,486	\$ 47,890,328	\$ 47,383,875	\$ 46,005,737
Contributions as a percentage of covered payroll	12.91%	11.59%	9.00%	7.80%

**Notes to the Schedule:**

N/A - Information prior to the implementation of GASB Statement No. 68 does not exist. This schedule is building to be a ten year schedule as information becomes available.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 3,841,938	\$ 3,525,190	\$ 3,104,810	\$ 3,041,550	\$ 2,924,842	N/A
<u>3,841,938</u>	<u>3,525,190</u>	<u>3,104,810</u>	<u>3,041,550</u>	<u>2,924,842</u>	<u>N/A</u>
<u>\$ -</u>	<u>N/A</u>				
<u>\$ 47,246,720</u>	<u>\$ 44,203,050</u>	<u>\$ 45,272,812</u>	<u>\$ 43,233,224</u>	<u>\$ 41,507,819</u>	<u>N/A</u>
<u>8.13%</u>	<u>7.97%</u>	<u>6.86%</u>	<u>7.04%</u>	<u>7.05%</u>	<u>N/A</u>

# ORANGE COUNTY, NORTH CAROLINA

## SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF NET PENSION ASSET REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's percentage of the net pension asset	<u>1.03322%</u>	<u>1.08257%</u>	<u>1.01215%</u>	<u>1.12710%</u>
County's proportion of the net pension asset	<u>(198,513)</u>	<u>(248,103)</u>	<u>(199,819)</u>	<u>(186,682)</u>
County's covered payroll	<u>\$ 96,573</u>	<u>\$ 95,450</u>	<u>\$ 83,580</u>	<u>\$ 82,394</u>
County's proportionate share of the net pension asset as a percentage of its covered payroll	<u>-205.56%</u>	<u>-259.93%</u>	<u>-239.08%</u>	<u>-226.57%</u>
Plan fiduciary net position as a percentage of the total pension asset (1)	<u>156.53%</u>	<u>153.31%</u>	<u>153.77%</u>	<u>160.17%</u>

**Notes to the Schedule:**

N/A - Information prior to the implementation of GASB Statement No. 68 does not exist. This schedule is building to be a ten year schedule as information becomes available.

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

(1) - This information was obtained from the State of North Carolina's Annual Comprehensive Financial Report.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<u>1.12581%</u>	<u>1.15307%</u>	<u>1.09301%</u>	<u>1.05600%</u>	<u>1.11000%</u>	<u>N/A</u>
<u>(192,165)</u>	<u>(215,578)</u>	<u>(253,294)</u>	<u>(239,437)</u>	<u>(236,989)</u>	<u>N/A</u>
<u>\$ 83,374</u>	<u>\$ 78,416</u>	<u>\$ 76,112</u>	<u>\$ 74,594</u>	<u>\$ 72,016</u>	<u>N/A</u>
<u>-230.49%</u>	<u>-274.92%</u>	<u>-332.79%</u>	<u>-320.99%</u>	<u>-329.08%</u>	<u>N/A</u>
<u>197.29%</u>	<u>193.88%</u>	<u>190.50%</u>	<u>188.75%</u>	<u>189.65%</u>	<u>N/A</u>

# ORANGE COUNTY, NORTH CAROLINA

## SCHEDULE OF COUNTY'S CONTRIBUTIONS REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	\$ 11,237	\$ 9,819	\$ 8,528	\$ 6,519
Contributions in relation to the contractually required contribution	11,237	9,819	8,528	6,519
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 98,543	\$ 96,573	\$ 95,450	\$ 83,580
Contributions as a percentage of covered payroll	11.40%	10.17%	8.93%	7.80%

**Notes to the Schedule:**

N/A - Information prior to the implementation of GASB Statement No. 68 does not exist. This schedule is building to be a ten year schedule as information becomes available.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 6,229	\$ 6,103	\$ 4,573	\$ 8,746	\$ 8,625	N/A
6,229	6,103	4,573	8,746	8,625	N/A
\$ -	\$ -	\$ -	\$ -	\$ -	N/A
\$ 82,394	\$ 83,374	\$ 78,416	\$ 76,112	\$ 70,464	N/A
7.56%	7.32%	5.83%	11.49%	12.24%	N/A

## SUPPLEMENTARY INFORMATION

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This section of the County's annual comprehensive financial report presents required combining fund statements for governmental and fiduciary funds. This section also presents budget and actual comparisons to demonstrate legal budgetary compliance with all funds required to adopt and maintain annual or multiyear budget ordinances.

### Major Funds ("B" Schedules)

This section presents budget and actual comparison schedules for all major funds other than the General Fund and major special revenue funds with annually adopted budget ordinances (COVID-19 Relief Fund).

### Nonmajor Governmental Funds ("C" Schedules)

This section presents required combining financial statements for nonmajor governmental funds and budget and actual comparison for all nonmajor governmental funds with activity in the current year. NCGS 159 requires local governments to adopt either annual operating budgets or project ordinances for all funds with limited exceptions for internal service funds and fiduciary funds.

### Nonmajor Proprietary Funds ("D" Schedules)

This section presents budget and actual comparison schedules for all nonmajor proprietary funds.

### Fiduciary Funds ("E" Schedules)

This section presents combining financial statements for all custodial funds. None of the custodial funds are required to adopt a budget in accordance with NCGS 159.

### Additional Financial Information ("F" Schedules)

This section presents schedules for the County's ad valorem or property taxes which is the County's largest source of revenue. NCGS 105 authorizes the County to assess property taxes but, it also limits collection enforcement to 10 years.

# ORANGE COUNTY, NORTH CAROLINA

## COUNTY CAPITAL IMPROVEMENTS FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total	Variance Positive (Negative)
<b>REVENUES</b>					
Payment in lieu of taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	109,874	-	109,874	109,874
Unrestricted intergovernmental	-	-	-	-	-
Restricted intergovernmental:					
Federal	15,154,859	11,968,682	1,061,565	13,030,247	(2,124,612)
State	14,687,864	6,903,052	31,184	6,934,236	(7,753,628)
Other	-	15,000	37,068	52,068	52,068
Investment earnings	2,253,475	4,716,735	89,166	4,805,901	2,552,426
Miscellaneous	3,559,050	4,544,821	385,656	4,930,477	1,371,427
Total revenues	<u>35,655,248</u>	<u>28,258,164</u>	<u>1,604,639</u>	<u>29,862,803</u>	<u>(5,792,445)</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Capital outlay	289,188,668	208,942,347	14,940,246	223,882,593	65,306,075
Debt service:					
Interest and other charges	-	4,432,465	16,936	4,449,401	(4,449,401)
Total expenditures	<u>289,188,668</u>	<u>213,374,812</u>	<u>14,957,182</u>	<u>228,331,994</u>	<u>60,856,674</u>
Deficiency of revenues under expenditures	<u>(253,533,420)</u>	<u>(185,116,648)</u>	<u>(13,352,543)</u>	<u>(198,469,191)</u>	<u>55,064,229</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation bonds issued	36,306,158	190,337,496	-	190,337,496	154,031,338
Premiums on bonds	2,000,000	30,799,335	301,729	31,101,064	29,101,064
Other long-term debt issued	189,703,247	123,462,257	36,704,645	160,166,902	(29,536,345)
Payment to escrow agent	(928,087)	(151,809,861)	-	(151,809,861)	(150,881,774)
Transfers from other funds	28,179,682	26,238,764	6,179,317	32,418,081	4,238,399
Transfers to other funds	(2,027,680)	(6,812,542)	(20,833)	(6,833,375)	(4,805,695)
Appropriated fund balance	300,100	-	-	-	(300,100)
Other financing sources, net	253,533,420	212,215,449	43,164,858	255,380,307	1,846,887
Net change in fund balance	<u>\$ -</u>	<u>\$ 27,098,801</u>	<u>29,812,315</u>	<u>\$ 56,911,116</u>	<u>\$ 56,911,116</u>
<b>FUND BALANCE</b>					
Beginning balance			27,098,801		
Ending balance			<u>\$ 56,911,116</u>		

# ORANGE COUNTY, NORTH CAROLINA

## SCHOOL CAPITAL IMPROVEMENTS FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total	Variance Positive (Negative)
<b>REVENUES</b>					
Sales taxes	\$ 783,134	\$ 493,539	\$ -	\$ 493,539	\$ (289,595)
Unrestricted intergovernmental	-	581,128	-	581,128	581,128
Restricted intergovernmental:					
Lottery proceeds	2,892,139	2,959,057	-	2,959,057	66,918
Investment earnings	-	3,405,327	31,765	3,437,092	3,437,092
Miscellaneous	-	33,759	-	33,759	33,759
Total revenues	<u>3,675,273</u>	<u>7,472,810</u>	<u>31,765</u>	<u>7,504,575</u>	<u>3,829,302</u>
<b>EXPENDITURES</b>					
Current:					
Education:					
Orange County Schools	102,496,115	44,783,171	3,371,693	48,154,864	54,341,251
Chapel Hill-Carrboro City Schools	175,964,637	172,230,112	6,849,928	179,080,040	(3,115,403)
Other	1,000,000	3,043,215	-	3,043,215	(2,043,215)
Total expenditures	<u>279,460,752</u>	<u>220,056,498</u>	<u>10,221,621</u>	<u>230,278,119</u>	<u>49,182,633</u>
Deficiency of revenues under expenditures	<u>(275,785,479)</u>	<u>(212,583,688)</u>	<u>(10,189,856)</u>	<u>(222,773,544)</u>	<u>53,011,935</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation bonds issued	140,373,874	125,530,873	-	125,530,873	(14,843,001)
Premiums on bonds	5,531,923	4,985,988	1,319,797	6,305,785	773,862
Other long-term debt issued	72,455,954	62,590,739	19,740,089	82,330,828	9,874,874
Transfers from other funds	57,423,728	46,885,826	1,308,468	48,194,294	(9,229,434)
Transfers to other funds	-	(10,822,685)	-	(10,822,685)	(10,822,685)
Appropriated fund balance	-	-	-	-	-
Other financing sources, net	<u>275,785,479</u>	<u>229,170,741</u>	<u>22,368,354</u>	<u>251,539,095</u>	<u>(24,246,384)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 16,587,053</u>	<u>12,178,498</u>	<u>\$ 28,765,551</u>	<u>\$ 28,765,551</u>
<b>FUND BALANCE</b>					
Beginning balance			<u>16,587,053</u>		
Ending balance			<u>\$ 28,765,551</u>		

# ORANGE COUNTY, NORTH CAROLINA

## SOLID WASTE FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 10,432,213	\$ 10,423,906	\$ (8,307)
Other operating revenue	335,440	913,995	578,555
Disposal taxes and reimbursements	304,744	383,543	78,799
Intergovernmental	-	9,787	9,787
Investment earnings	15,000	15,234	234
Total revenues	11,087,397	11,746,465	659,068
<b>EXPENDITURES</b>			
Operations	8,296,878	5,830,794	2,466,084
General and administrative	2,781,415	2,578,877	202,538
Total expenditures	11,078,293	8,409,671	2,668,622
Excess of revenues over expenditures	9,104	3,336,794	3,327,690
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to Solid Waste Capital Projects Fund	(1,467,091)	(1,467,091)	-
Appropriated fund balance	1,457,987	-	(1,457,987)
Other financing (uses), net	(9,104)	(1,467,091)	(1,457,987)
Revenues and other financing (uses) over expenditures	\$ -	1,869,703	\$ 1,869,703
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Solid Waste Fund reconciling items:			
Increase in deferred outflows - pensions		341,235	
Increase in estimated post-closure costs		(319,435)	
Decrease in compensated absences		36,924	
Decrease in net pension liability		470,717	
Increase in deferred inflows - pensions		(1,114,698)	
Depreciation expense		(986,886)	
Solid Waste Capital Projects Fund reconciling items:			
Investment earnings		12	
Gain on sale of capital assets		302,410	
Transfer from Solid Waste Fund		1,467,091	
Noncapitalized expenditures		(141)	
Interest and other charges		(290,557)	
Change in net position - GAAP Basis		\$ 1,776,375	

**ORANGE COUNTY, NORTH CAROLINA**

**SOLID WASTE CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING  
SOURCES - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	Project Authorization	Actual		Total	Variance Positive (Negative)
		Prior Years	Current Year		
<b>REVENUES</b>					
Investment earnings	\$ -	\$ 36	\$ 12	\$ 48	\$ 48
Total revenues	-	36	12	48	48
<b>EXPENDITURES</b>					
Capital expenditures	9,210,514	3,126,413	3,253,190	6,379,603	2,830,911
Other	-	(2,181,175)	141	(2,181,034)	2,181,034
Debt service:					
Principal retirements	2,353,605	2,177,949	885,593	3,063,542	(709,937)
Interest and other charges	690,769	435,448	290,616	726,064	(35,295)
Total expenditures	12,254,888	3,558,635	4,429,540	7,988,175	4,266,713
Deficiency of revenues under expenditures	(12,254,888)	(3,558,599)	(4,429,528)	(7,988,127)	4,266,761
<b>OTHER FINANCING SOURCES</b>					
Long-term debt issued	6,861,885	2,837,997	2,062,000	4,899,997	(1,961,888)
Proceeds from sale of assets	240,000	68,487	302,410	370,897	130,897
Transfer from Solid Waste Fund	5,153,003	3,685,912	1,467,091	5,153,003	-
Total other financing sources	12,254,888	6,592,396	3,831,501	10,423,897	(1,830,991)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 3,033,797	\$ (598,027)	\$ 2,435,770	\$ 2,435,770

# ORANGE COUNTY, NORTH CAROLINA

## SPORTSPLEX FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 3,690,656	\$ 3,835,429	\$ 144,773
Total revenues	3,690,656	3,835,429	144,773
<b>EXPENDITURES</b>			
Operations	2,595,950	1,863,498	732,452
General and administrative	1,246,265	1,209,907	36,358
Total expenditures	3,842,215	3,073,405	768,810
Excess (deficiency) of revenues over (under) expenditures	(151,559)	762,024	913,583
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	790,000	790,000	-
Transfer to SportsPlex Capital Projects Fund	(714,347)	(1,059,242)	(344,895)
Appropriated fund balance	75,906	-	(75,906)
Other financing sources (uses), net	151,559	(269,242)	(420,801)
Revenues and other financing sources (uses) over expenditures	\$ -	492,782	\$ 492,782
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
SportsPlex Fund reconciling items:			
Depreciation expense		(801,145)	
SportsPlex Capital Projects Fund reconciling items:			
Transfer from SportsPlex Operating Fund		1,059,242	
Interest and other charges		(192,491)	
Change in net position - GAAP Basis		\$ 558,388	

**ORANGE COUNTY, NORTH CAROLINA**

**SPORTSPLEX CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING  
SOURCES - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	Project Authorization	Actual		Total	Variance Positive (Negative)
		Prior Years	Current Year		
<b>REVENUES</b>					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
<b>EXPENDITURES</b>					
Community services	-	2,011,187	26,599	2,037,786	(2,037,786)
Capital expenditures	2,243,710	1,573,818	1,000	1,574,818	668,892
Debt service:					
Principal retirements	1,519,821	833,083	518,711	1,351,794	168,027
Interest and other charges	602,466	464,419	192,492	656,911	(54,445)
Total expenditures	4,365,997	4,882,507	738,802	5,621,309	(1,255,312)
Deficiency of revenues under expenditures	(4,365,997)	(4,882,507)	(738,802)	(5,621,309)	(1,255,312)
<b>OTHER FINANCING SOURCES</b>					
Long-term debt issued	1,688,648	836,182	105,000	941,182	(747,466)
Transfers from SportsPlex Fund	2,170,349	761,562	1,059,242	1,820,804	(349,545)
Appropriated fund balance	507,000	-	-	-	(507,000)
Total other financing sources	4,365,997	1,597,744	1,164,242	2,761,986	(1,604,011)
Other financing sources under expenditures	\$ -	\$ (3,284,763)	\$ 425,440	\$ (2,859,323)	\$ (2,859,323)

# ORANGE COUNTY, NORTH CAROLINA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

	Special Revenue Funds				
	Local Fire Districts	Grant Supported	Grant Projects	Sheriff Forfeitures	Community Development
<b>ASSETS</b>					
Unrestricted cash and investments	\$ 904,428	\$ 171,407	\$ 1,304,194	\$ 964,572	\$ 599,216
Receivables:					
Taxes receivable, net	270,500	-	-	-	-
Due from other governments	-	12,966	58,139	-	99,458
Other receivables	-	-	-	-	-
Notes receivable	-	-	-	-	1,000,000
Total assets	1,174,928	184,373	1,362,333	964,572	1,698,674
<b>LIABILITIES</b>					
Accounts payable	25,000	3,862	107,668	-	50,256
Accrued payroll and other liabilities	-	5,007	32,517	-	68,816
Unearned revenue	-	-	-	-	-
Total liabilities	25,000	8,869	140,185	-	119,072
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - intergovernmental	-	94,369	-	-	-
Unavailable revenues - ad valorem	216,962	-	-	-	-
Total deferred inflows of resources	216,962	94,369	-	-	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	1,000,000
Restricted:					
Stabilization by State Statute	-	-	-	-	-
Public safety	932,966	-	-	964,572	-
Human services	-	81,135	1,222,148	-	579,602
Community services	-	-	-	-	-
Capital projects	-	-	-	-	-
Committed:					
Human services	-	-	-	-	-
Education	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	-	-
Total fund balances	932,966	81,135	1,222,148	964,572	1,579,602
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,174,928	\$ 184,373	\$ 1,362,333	\$ 964,572	\$ 1,698,674

**Special Revenue Funds**

<b>Section 8 Housing</b>	<b>Article 46 Sales Tax</b>	<b>Emergency Telephone System</b>	<b>Visitors Bureau</b>	<b>Spay/Neuter</b>	<b>DSS Client Services</b>	<b>Impact Fees</b>
\$ 133,529	\$ 4,965,438	\$ 338,957	\$ 654,017	\$ 18,450	\$ 797,107	\$ 515
-	1,129,227	-	-	-	-	-
-	-	63,313	-	-	-	-
-	-	-	195,869	-	-	-
-	-	-	-	-	-	-
<u>133,529</u>	<u>6,094,665</u>	<u>402,270</u>	<u>849,886</u>	<u>18,450</u>	<u>797,107</u>	<u>515</u>
2,068	860,946	5,571	12,622	5,830	18,180	-
-	4,910	2,999	30,680	-	-	-
101,239	-	-	1,180	-	-	-
<u>103,307</u>	<u>865,856</u>	<u>8,570</u>	<u>44,482</u>	<u>5,830</u>	<u>18,180</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,129,227	-	-	-	-	-
-	-	393,700	-	-	-	-
30,222	-	-	-	-	-	-
-	-	-	805,404	12,620	-	-
-	-	-	-	-	-	515
-	-	-	-	-	778,927	-
-	4,099,582	-	-	-	-	-
-	-	-	-	-	-	-
<u>30,222</u>	<u>5,228,809</u>	<u>393,700</u>	<u>805,404</u>	<u>12,620</u>	<u>778,927</u>	<u>515</u>
<u>\$ 133,529</u>	<u>\$ 6,094,665</u>	<u>\$ 402,270</u>	<u>\$ 849,886</u>	<u>\$ 18,450</u>	<u>\$ 797,107</u>	<u>\$ 515</u>

(Continued)

# ORANGE COUNTY, NORTH CAROLINA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

	Special Revenue Funds				
	Recreation Subdivision	Heusner	Small Business Loans	Library Development	Mental Health Insurance
<b>ASSETS</b>					
Unrestricted cash and investments	\$ 580,829	\$ 9,547	\$ 152,489	\$ 91,320	\$ 411,223
Receivables:					
Taxes receivable, net	-	-	-	-	-
Due from other governments	-	-	-	-	-
Other receivables	-	-	-	-	-
Notes receivable	-	-	250,517	-	-
Total assets	580,829	9,547	403,006	91,320	411,223
<b>LIABILITIES</b>					
Accounts payable	-	-	62	-	-
Accrued payroll and other liabilities	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	62	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - intergovernmental	-	-	-	-	-
Unavailable revenues - ad valorem	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	250,517	-	-
Restricted:					
Stabilization by State Statute	-	-	-	-	-
Public safety	-	-	-	-	-
Human services	-	-	-	-	411,223
Community services	580,829	9,547	152,427	91,320	-
Capital projects	-	-	-	-	-
Committed:					
Human services	-	-	-	-	-
Education	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	-	-
Total fund balances	580,829	9,547	402,944	91,320	411,223
Total liabilities, deferred inflows of resources, and fund balances	\$ 580,829	\$ 9,547	\$ 403,006	\$ 91,320	\$ 411,223

Representative Payee	Special Revenue Funds				Capital Project Funds		Total
	Opioid Settlement Fund	Communication Tower Trust	School District	Orange County Giving	School Capital Reserve	County Capital Reserve	Nonmajor Governmental Funds
\$ 115,841	\$ 261,245	\$ 9,423	\$ 137,457	\$ 227,147	\$ 118,250	\$ 15,875	\$ 12,982,476
-	-	-	498,978	-	-	-	1,898,705
-	-	-	-	-	-	-	233,876
-	-	-	-	425	-	-	196,294
-	-	-	-	-	-	-	1,250,517
<u>115,841</u>	<u>261,245</u>	<u>9,423</u>	<u>636,435</u>	<u>227,572</u>	<u>118,250</u>	<u>15,875</u>	<u>16,561,868</u>
8,393	-	-	264,057	-	-	-	1,364,515
4,411	-	-	-	-	-	-	149,340
-	-	-	-	195,559	-	-	297,978
<u>12,804</u>	<u>-</u>	<u>-</u>	<u>264,057</u>	<u>195,559</u>	<u>-</u>	<u>-</u>	<u>1,811,833</u>
-	-	-	-	-	-	-	94,369
-	-	-	372,378	-	-	-	589,340
-	-	-	372,378	-	-	-	683,709
-	-	-	-	-	-	-	1,250,517
-	-	-	-	-	-	-	1,129,227
-	-	9,423	-	-	-	-	2,300,661
103,037	261,245	-	-	-	-	-	2,688,612
-	-	-	-	32,013	-	-	1,684,160
-	-	-	-	-	-	-	515
-	-	-	-	-	-	-	778,927
-	-	-	-	-	-	-	4,099,582
-	-	-	-	-	118,250	15,875	134,125
<u>103,037</u>	<u>261,245</u>	<u>9,423</u>	<u>-</u>	<u>32,013</u>	<u>118,250</u>	<u>15,875</u>	<u>14,066,326</u>
<u>\$ 115,841</u>	<u>\$ 261,245</u>	<u>\$ 9,423</u>	<u>\$ 636,435</u>	<u>\$ 227,572</u>	<u>\$ 118,250</u>	<u>\$ 15,875</u>	<u>\$ 16,561,868</u>

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds				
	Local Fire Districts	Grant Supported	Grant Projects	Sheriff Forfeitures	Community Development
<b>REVENUES</b>					
Property taxes	\$ 7,181,230	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-
Unrestricted intergovernmental	-	-	47,992	-	201,298
Restricted intergovernmental	-	20,802	605,843	129,450	2,181,784
Charges for services	-	40,532	-	-	37,197
Investment earnings	917	-	-	737	27
License and permits	-	-	-	-	-
Miscellaneous	-	-	247,723	-	-
Total revenues	<u>7,182,147</u>	<u>61,334</u>	<u>901,558</u>	<u>130,187</u>	<u>2,420,306</u>
<b>EXPENDITURES</b>					
Current:					
Community services	-	-	-	-	-
General government	-	-	85,810	-	-
Public safety	7,682,667	-	551	171,758	-
Human services	-	126,454	543,229	-	2,489,436
Education	-	-	-	-	-
Debt service:					
Principal retirements	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	<u>7,682,667</u>	<u>126,454</u>	<u>629,590</u>	<u>171,758</u>	<u>2,489,436</u>
Revenues over (under) expenditures	<u>(500,520)</u>	<u>(65,120)</u>	<u>271,968</u>	<u>(41,571)</u>	<u>(69,130)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	65,189	28,501	-	339,761
Transfers to other funds	-	-	-	-	(325,000)
Other financing sources (uses), net	-	65,189	28,501	-	14,761
Net change in fund balances	<u>(500,520)</u>	<u>69</u>	<u>300,469</u>	<u>(41,571)</u>	<u>(54,369)</u>
<b>FUND BALANCES</b>					
Beginning balances	1,433,486	81,066	921,679	1,006,143	1,633,971
Ending balances	<u>\$ 932,966</u>	<u>\$ 81,135</u>	<u>\$ 1,222,148</u>	<u>\$ 964,572</u>	<u>\$ 1,579,602</u>

Special Revenue Funds						
Section 8 Housing	Article 46 Sales Tax	Emergency Telephone System	Visitors Bureau	Spay/Neuter	DSS Client Services	Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,079,565	-	-	-	-	-
-	-	-	203,500	15,908	-	-
4,900,120	-	-	37,302	23,319	284,395	-
-	-	759,757	105,082	-	-	-
265	3,593	227	59	17	615	-
-	-	-	-	-	-	-
-	2,500	-	1,661,844	5,350	25,110	-
4,900,385	5,085,658	759,984	2,007,787	44,594	310,120	-
-	1,072,934	-	1,572,983	50,387	-	-
-	-	-	347,152	-	-	-
-	-	416,140	-	-	-	-
5,058,487	-	-	-	-	324,764	-
-	1,662,021	-	-	-	-	-
-	623,441	-	-	-	-	-
-	343,635	-	-	-	-	-
5,058,487	3,702,031	416,140	1,920,135	50,387	324,764	-
(158,102)	1,383,627	343,844	87,652	(5,793)	(14,644)	-
-	-	1,656	560,000	-	-	-
-	(74,504)	-	-	-	-	-
-	(74,504)	1,656	560,000	-	-	-
(158,102)	1,309,123	345,500	647,652	(5,793)	(14,644)	-
188,324	3,919,686	48,200	157,752	18,413	793,571	515
\$ 30,222	\$ 5,228,809	\$ 393,700	\$ 805,404	\$ 12,620	\$ 778,927	\$ 515

(Continued)

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds				
	Recreation	Heusner	Small	Library	Mental
	Subdivision		Business	Development	Health
			Loans		Insurance
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-
Unrestricted intergovernmental	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	441	-	110	-	314
License and permits	-	-	-	-	-
Miscellaneous	4,865	8	-	-	-
Total revenues	<u>5,306</u>	<u>8</u>	<u>110</u>	<u>-</u>	<u>314</u>
<b>EXPENDITURES</b>					
Current:					
Community services	-	-	66	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Human services	-	-	-	-	5,087
Education	-	-	-	-	-
Debt service:					
Principal retirements	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>66</u>	<u>-</u>	<u>5,087</u>
Revenues over (under) expenditures	<u>5,306</u>	<u>8</u>	<u>44</u>	<u>-</u>	<u>(4,773)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>5,306</u>	<u>8</u>	<u>44</u>	<u>-</u>	<u>(4,773)</u>
<b>FUND BALANCES</b>					
Beginning balances	575,523	9,539	402,900	91,320	415,996
Ending balances	<u>\$ 580,829</u>	<u>\$ 9,547</u>	<u>\$ 402,944</u>	<u>\$ 91,320</u>	<u>\$ 411,223</u>

Representative Payee	Special Revenue Funds				Capital Project Funds		Total Nonmajor Governmental Funds
	Opioid Settlement Fund	Communication Tower Trust	School District	Orange County Giving	School Capital Reserve	County Capital Reserve	
\$ -	\$ -	\$ -	\$ 25,290,711	\$ -	\$ -	\$ -	\$ 32,471,941
-	-	-	-	-	-	-	5,079,565
-	-	-	-	-	-	-	468,698
-	261,245	-	-	-	-	-	8,444,260
-	-	-	-	-	-	-	942,568
-	-	-	-	-	90	12	7,424
-	-	37,200	-	-	-	-	37,200
107,448	-	-	-	-	-	-	2,054,848
107,448	261,245	37,200	25,290,711	-	90	12	49,506,504
-	-	43,000	-	-	-	-	2,739,370
-	-	-	-	371	-	-	433,333
-	-	-	-	-	-	-	8,271,116
83,416	-	-	-	-	-	-	8,630,873
-	-	-	25,290,711	-	-	-	26,952,732
-	-	-	-	-	-	-	623,441
-	-	-	-	-	-	-	343,635
83,416	-	43,000	25,290,711	371	-	-	47,994,500
24,032	261,245	(5,800)	-	(371)	90	12	1,512,004
-	-	-	-	-	-	-	995,107
-	-	-	-	-	-	-	(399,504)
-	-	-	-	-	-	-	595,603
24,032	261,245	(5,800)	-	(371)	90	12	2,107,607
79,005	-	15,223	-	32,384	118,160	15,863	11,958,719
\$ 103,037	\$ 261,245	\$ 9,423	\$ -	\$ 32,013	\$ 118,250	\$ 15,875	\$ 14,066,326

**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, 2022**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
<b>Ad valorem taxes:</b>				
Property taxes	\$ 177,081,576	\$ 177,224,531	\$ 180,682,837	\$ 3,458,306
Tax penalties and interest	623,000	623,000	673,680	50,680
Gross receipts tax	82,400	82,400	96,849	14,449
Total ad valorem taxes	<u>177,786,976</u>	<u>177,929,931</u>	<u>181,453,366</u>	<u>3,523,435</u>
<b>Sales tax:</b>				
Local option sales tax	<u>28,952,047</u>	<u>28,952,047</u>	<u>37,996,379</u>	<u>9,044,332</u>
<b>Intergovernmental revenues:</b>				
Animal tax	185,000	185,000	101,661	(83,339)
Beer and wine tax	289,533	289,533	229,337	(60,196)
Federal and State grants	15,425,516	20,602,738	18,470,620	(2,132,118)
Local grants	1,752,047	2,032,523	1,144,228	(888,295)
ABC Board law enforcement distribution	667,000	672,000	627,352	(44,648)
Total intergovernmental revenues	<u>18,319,096</u>	<u>23,781,794</u>	<u>20,573,198</u>	<u>(3,208,596)</u>
<b>Charges for services:</b>				
Register of Deeds	2,100,000	2,100,000	3,328,820	1,228,820
Collection fees	375,000	375,000	404,988	29,988
Inspection fees	1,545,000	1,720,839	1,483,521	(237,318)
Health service fees	1,641,587	1,641,587	1,795,755	154,168
Recreation fees	514,917	514,917	384,566	(130,351)
Aging fees	201,800	201,800	175,845	(25,955)
EMS fees	2,936,000	2,936,000	3,966,314	1,030,314
Sheriff and court charges	2,000,000	2,000,000	2,027,413	27,413
Other charges	281,152	281,152	188,637	(92,515)
Total charges for services	<u>11,595,456</u>	<u>11,771,295</u>	<u>13,755,859</u>	<u>1,984,564</u>
<b>Investment earnings and interest income</b>	<u>10,300</u>	<u>10,300</u>	<u>102,849</u>	<u>92,549</u>
<b>Licenses, permits and fees:</b>				
Privilege licenses	12,350	12,350	11,985	(365)
Franchise fees	262,200	262,200	256,839	(5,361)
Total licenses, permits and fees	<u>274,550</u>	<u>274,550</u>	<u>268,824</u>	<u>(5,726)</u>
<b>Miscellaneous revenues:</b>				
Donations	78,000	211,762	221,840	10,078
Rent	300,864	300,864	306,261	5,397
Other	1,352,384	1,352,599	1,820,102	467,503
Total miscellaneous revenues	<u>1,731,248</u>	<u>1,865,225</u>	<u>2,348,203</u>	<u>482,978</u>
<b>Total revenues</b>	<u>238,669,673</u>	<u>244,585,142</u>	<u>256,498,678</u>	<u>11,913,536</u>

*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, 2022**

Expenditures	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Current:</b>				
<b>Community Services:</b>				
Animal services	\$ 2,278,561	\$ 2,369,203	\$ 2,238,628	\$ 130,575
Cooperative extension	486,414	486,414	420,618	65,796
Department of environment, agriculture, parks & recreation	3,937,319	4,116,777	3,567,203	549,574
Economic development	-	-	791	(791)
Orange public transportation	3,021,232	3,041,817	2,942,060	99,757
Planning and inspections	3,197,937	3,482,159	2,906,784	575,375
Municipal recreation	125,108	125,108	125,111	(3)
Non-departmental	574,724	844,044	764,867	79,177
Total	<u>13,621,295</u>	<u>14,465,522</u>	<u>12,966,062</u>	<u>1,499,460</u>
<b>General Government:</b>				
Board of county commissioners	803,484	947,391	878,354	69,037
Board of elections	933,217	968,205	827,537	140,668
County attorney's office	644,260	745,521	690,120	55,401
County manager's office	2,946,624	3,050,998	2,945,692	105,306
Register of deeds	1,045,440	1,091,669	1,055,931	35,738
Tax administration	3,870,336	4,080,367	3,895,971	184,396
Non-departmental	105,000	105,000	477,001	(372,001)
Total	<u>10,348,361</u>	<u>10,989,151</u>	<u>10,770,606</u>	<u>218,545</u>
<b>Public Safety:</b>				
Courts	61,313	61,313	69,414	(8,101)
Emergency services	12,074,031	11,821,665	11,250,436	571,229
Sheriff	15,121,943	15,389,730	15,221,647	168,083
Criminal justice	754,326	834,230	786,538	47,692
Non-departmental	516,939	576,939	494,813	82,126
Total	<u>28,528,552</u>	<u>28,683,877</u>	<u>27,822,848</u>	<u>861,029</u>
<b>Human Services:</b>				
Child support services	1,136,154	1,174,134	1,099,803	74,331
Department of social services	20,757,701	22,306,128	19,741,853	2,564,275
Department of aging	2,106,020	2,617,007	2,409,849	207,158
Health department	10,696,714	11,131,763	9,908,322	1,223,441
Housing, human rights, and community development	1,567,613	1,670,412	1,423,241	247,171
Library services	2,372,124	2,295,635	2,320,236	(24,601)
Library municipal	537,023	537,023	568,839	(31,816)
OPC area program	875,026	883,413	679,363	204,050
Non-departmental	498,771	1,573,253	1,584,822	(11,569)
Total	<u>40,547,146</u>	<u>44,188,768</u>	<u>39,736,328</u>	<u>4,452,440</u>

*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, 2022**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures (Continued)</b>				
<b>Education:</b>				
Current expenditures	\$ 89,353,187	\$ 89,353,187	\$ 89,353,187	\$ -
Fair funding	3,629,597	5,378,235	4,710,754	667,481
Durham Tech (Orange campus)	852,092	852,092	852,092	-
Total	<u>93,834,876</u>	<u>95,583,514</u>	<u>94,916,033</u>	<u>667,481</u>
<b>Support Services:</b>				
Asset management services	5,160,735	3,145,327	3,133,216	12,111
Community relations	282,930	293,496	278,829	14,667
Finance and administrative services	1,613,809	1,714,451	1,645,753	68,698
Human resources	991,507	1,018,088	899,831	118,257
Information technologies	3,741,024	3,438,896	3,305,243	133,653
Non-departmental	1,091,845	3,720,830	3,198,256	522,574
Total	<u>12,881,850</u>	<u>13,331,088</u>	<u>12,461,128</u>	<u>869,960</u>
<b>Debt Service:</b>				
Principal	29,525,769	32,263,996	32,263,996	-
Interest	<u>10,501,510</u>	<u>11,274,004</u>	<u>11,040,769</u>	<u>233,235</u>
Total	<u>40,027,279</u>	<u>43,538,000</u>	<u>43,304,765</u>	<u>233,235</u>
Total expenditures	<u>239,789,359</u>	<u>250,779,920</u>	<u>241,977,770</u>	<u>8,802,150</u>
Excess (deficiency) of revenues over (under) expenditures	(1,119,686)	(6,194,778)	14,520,908	20,715,686
<b>Other financing sources (uses)</b>				
Installment notes issued	-	772,494	-	(772,494)
Inception of lease arrangements	-	-	29,415	29,415
Proceeds from sale of capital assets	121,000	171,000	95,939	(75,061)
Transfers in	74,504	95,337	95,337	-
Transfers out	<u>(1,044,002)</u>	<u>(9,256,798)</u>	<u>(9,320,892)</u>	<u>(64,094)</u>
Total other financing sources	<u>(848,498)</u>	<u>(8,217,967)</u>	<u>(9,100,201)</u>	<u>(882,234)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(1,968,184)	(14,412,745)	5,420,707	19,833,452
Appropriated fund balance	<u>1,968,184</u>	<u>14,412,745</u>	-	<u>(14,412,745)</u>
Net change in fund balances	-	-	5,420,707	5,420,707
<b>Fund balance, beginning of year</b>	<u>76,117,026</u>	<u>76,117,026</u>	<u>76,117,026</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 76,117,026</u>	<u>\$ 76,117,026</u>		<u>\$ 5,420,707</u>
<b>Reconciliation to GAAP statements:</b>				
Change in fund balance in Community Loan Fund			(191,341)	
			<u>\$ 81,346,392</u>	

**ORANGE COUNTY, NORTH CAROLINA**

**LOCAL FIRE DISTRICTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ 7,011,750	\$ 7,181,230	\$ 169,480
Restricted intergovernmental	25,000	-	(25,000)
Investment earnings	985	917	(68)
Total revenues	<u>7,037,735</u>	<u>7,182,147</u>	<u>144,412</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>7,682,667</u>	<u>7,682,667</u>	<u>-</u>
Revenues under expenditures	(644,932)	(500,520)	144,412
<b>OTHER FINANCING SOURCES</b>			
Appropriated fund balance	<u>644,932</u>	-	<u>(644,932)</u>
Net change in fund balance	<u>\$ -</u>	<u>(500,520)</u>	<u>\$ (500,520)</u>
<b>FUND BALANCE</b>			
Beginning balance		<u>1,433,486</u>	
Ending balance		<u>\$ 932,966</u>	

**ORANGE COUNTY, NORTH CAROLINA**

**GRANT SUPPORTED FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Charges for services	\$ 75,000	\$ 40,532	\$ (34,468)
Restricted intergovernmental	114,218	20,802	(93,416)
Miscellaneous	10,000	-	(10,000)
Total revenues	<u>199,218</u>	<u>61,334</u>	<u>(137,884)</u>
<b>EXPENDITURES</b>			
Current:			
Human services	<u>248,313</u>	<u>126,454</u>	<u>121,859</u>
Revenues under expenditures	(49,095)	(65,120)	(16,025)
<b>OTHER FINANCING SOURCES</b>			
Transfers from other funds	<u>49,095</u>	<u>65,189</u>	<u>16,094</u>
Net change in fund balance	<u>\$ -</u>	<u>69</u>	<u>\$ 69</u>
<b>FUND BALANCE</b>			
Beginning balance		<u>81,066</u>	
Ending balance		<u>\$ 81,135</u>	

# ORANGE COUNTY, NORTH CAROLINA

## GRANT PROJECTS FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual		Total	Variance Positive (Negative)
		Prior Year	Current Year		
<b>REVENUES</b>					
Unrestricted intergovernmental	\$ -	\$ 140,129	\$ 47,992	\$ 188,121	\$ 188,121
Restricted intergovernmental	17,821,753	12,527,292	605,843	13,133,135	(4,688,618)
Miscellaneous	850,381	475,290	247,723	723,013	(127,368)
Total revenues	<u>18,672,134</u>	<u>13,142,711</u>	<u>901,558</u>	<u>14,044,269</u>	<u>(4,627,865)</u>
<b>EXPENDITURES</b>					
Current:					
Community services	1,870,485	1,240,002	-	1,240,002	630,483
General government	227,981	100,464	85,810	186,274	41,707
Public safety	8,958,511	5,759,219	551	5,759,770	3,198,741
Human services	8,734,941	6,366,848	543,229	6,910,077	1,824,864
Support services	243,247	231,967	-	231,967	11,280
Total expenditures	<u>20,035,165</u>	<u>13,698,500</u>	<u>629,590</u>	<u>14,328,090</u>	<u>5,707,075</u>
Revenues over (under) expenditures	<u>(1,363,031)</u>	<u>(555,789)</u>	<u>271,968</u>	<u>(283,821)</u>	<u>1,079,210</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	1,488,526	1,329,258	28,501	1,357,759	(130,767)
Transfers to other funds	(125,495)	(24,917)	-	(24,917)	100,578
Closed out project revenue	-	173,127	-	173,127	173,127
Other financing sources (uses), net	<u>1,363,031</u>	<u>1,477,468</u>	<u>28,501</u>	<u>1,505,969</u>	<u>142,938</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 921,679</u>	<u>300,469</u>	<u>\$ 1,222,148</u>	<u>\$ 1,222,148</u>
<b>FUND BALANCE</b>					
Beginning balance			921,679		
Ending balance			<u>\$ 1,222,148</u>		

**ORANGE COUNTY, NORTH CAROLINA**

**SHERIFF FORFEITURES FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Restricted intergovernmental	\$ 130,223	\$ 129,450	\$ (773)
Investment earnings	101	737	636
Total revenues	<u>130,324</u>	<u>130,187</u>	<u>(137)</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>130,324</u>	<u>171,758</u>	<u>(41,434)</u>
Total expenditures	<u>130,324</u>	<u>171,758</u>	<u>(41,434)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(41,571)</u>	<u>(41,571)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (41,571)</u>	<u>\$ (41,571)</u>
<b>FUND BALANCE</b>			
Beginning balance		<u>1,006,143</u>	
Ending balance		<u>\$ 964,572</u>	

# ORANGE COUNTY, NORTH CAROLINA

## COMMUNITY DEVELOPMENT FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Prior Year	Actual Current Year	Total	Variance Positive (Negative)
<b>REVENUES</b>					
Unrestricted intergovernmental:					
Town of Chapel Hill	\$ 2,037,396	\$ 1,841,849	\$ 137,318	\$ 1,979,167	\$ (58,229)
Town of Carrboro	720,399	569,541	47,985	617,526	(102,873)
Town of Hillsborough	251,951	236,215	15,995	252,210	259
Restricted intergovernmental:					
HOME	14,990,070	12,675,396	126,973	12,802,369	(2,187,701)
CDBG	3,920,733	2,305,035	1,379,650	3,684,685	(236,048)
HOPE	2,794,285	2,058,703	-	2,058,703	(735,582)
Other	3,835,761	2,134,766	675,161	2,809,927	(1,025,834)
Charges for services	1,293,081	1,134,723	37,197	1,171,920	(121,161)
Investment earnings	1,000	20,777	27	20,804	19,804
Miscellaneous	34,374	137,071	-	137,071	102,697
Total revenues	<u>29,879,050</u>	<u>23,114,076</u>	<u>2,420,306</u>	<u>25,534,382</u>	<u>(4,344,668)</u>
<b>EXPENDITURES</b>					
Current:					
Human services					
HOME	19,367,686	17,012,788	482,521	17,495,309	1,872,377
Homelessness Partnership	3,775,304	2,555,152	707,724	3,262,876	512,428
Housing Rehab	3,776,094	3,670,107	(9,578)	3,660,529	115,565
Mitigation/housing displacement	8,724,928	7,313,482	1,166,524	8,480,006	244,922
Affordable Housing	1,030,653	937,212	-	937,212	93,441
Other programs	3,674,398	2,458,211	142,245	2,600,456	1,073,942
Total expenditures	<u>40,349,063</u>	<u>33,946,952</u>	<u>2,489,436</u>	<u>36,436,388</u>	<u>3,912,675</u>
Revenues under expenditures	<u>(10,470,013)</u>	<u>(10,832,876)</u>	<u>(69,130)</u>	<u>(10,902,006)</u>	<u>(431,993)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of assets	-	14,080	-	14,080	14,080
Transfers from other funds	12,919,129	12,361,545	339,761	12,701,306	(217,823)
Transfers to other funds	(2,449,116)	(1,391,242)	(325,000)	(1,716,242)	732,874
Appropriated fund balance	-	-	-	-	-
Closed out project revenue	-	1,482,464	-	1,482,464	1,482,464
Other financing sources, net	10,470,013	12,466,847	14,761	12,481,608	2,011,595
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,633,971</u>	<u>(54,369)</u>	<u>\$ 1,579,602</u>	<u>\$ 1,579,602</u>
<b>FUND BALANCE</b>					
Beginning balance			1,633,971		
Ending balance			<u>\$ 1,579,602</u>		

**ORANGE COUNTY, NORTH CAROLINA**

**SECTION 8 HOUSING FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Restricted intergovernmental	\$ 5,532,897	\$ 4,900,120	\$ (632,777)
Investment earnings	100	265	165
Total revenues	<u>5,532,997</u>	<u>4,900,385</u>	<u>(632,612)</u>
<b>EXPENDITURES</b>			
Current:			
Human services	<u>5,628,077</u>	<u>5,058,487</u>	<u>569,590</u>
Total expenditures	<u>5,628,077</u>	<u>5,058,487</u>	<u>569,590</u>
Revenues under expenditures	<u>(95,080)</u>	<u>(158,102)</u>	<u>(63,022)</u>
<b>OTHER FINANCING SOURCES</b>			
Appropriated fund balance	<u>95,080</u>	-	<u>(95,080)</u>
Total other financing sources	<u>95,080</u>	-	<u>(95,080)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (158,102)</u>	<u>\$ (158,102)</u>
<b>FUND BALANCE</b>			
Beginning balance		<u>188,324</u>	
Ending balance		<u>\$ 30,222</u>	

# ORANGE COUNTY, NORTH CAROLINA

## ARTICLE 46 SALES TAX

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual		Total	Variance Positive (Negative)
		Prior Year	Current Year		
<b>REVENUES</b>					
Sales tax	\$ 35,615,008	\$ 31,959,428	\$ 5,079,565	\$ 37,038,993	\$ 1,423,985
Investment earnings	-	141,763	3,593	145,356	145,356
Miscellaneous	29,413	1,122,911	2,500	1,125,411	1,095,998
Total revenues	<u>35,644,421</u>	<u>33,224,102</u>	<u>5,085,658</u>	<u>38,309,760</u>	<u>2,665,339</u>
<b>EXPENDITURES</b>					
Current:					
Community services	10,357,758	7,743,475	1,072,934	8,816,409	1,541,349
Education	17,712,403	15,203,409	1,662,021	16,865,430	846,973
Debt service:					
Principal	7,181,211	4,619,542	623,441	5,242,983	1,938,228
Interest	318,545	1,620,144	343,635	1,963,779	(1,645,234)
Total expenditures	<u>35,569,917</u>	<u>29,186,570</u>	<u>3,702,031</u>	<u>32,888,601</u>	<u>2,681,316</u>
Revenues over expenditures	<u>74,504</u>	<u>4,037,532</u>	<u>1,383,627</u>	<u>5,421,159</u>	<u>5,346,655</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(74,504)	(452,829)	(74,504)	(527,333)	(452,829)
Closed out project revenue	-	334,983	-	334,983	334,983
Other financing (uses), net	(74,504)	(117,846)	(74,504)	(192,350)	(117,846)
Net change in fund balances	<u>\$ -</u>	<u>\$ 3,919,686</u>	<u>1,309,123</u>	<u>\$ 5,228,809</u>	<u>\$ 5,228,809</u>
<b>FUND BALANCE</b>					
Beginning balance			3,919,686		
Ending balance			<u>\$ 5,228,809</u>		

**ORANGE COUNTY, NORTH CAROLINA**

**EMERGENCY TELEPHONE SYSTEM FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Charges for services	\$ 759,757	\$ 759,757	\$ -
Investment earnings	-	227	227
Total revenues	<u>759,757</u>	<u>759,984</u>	<u>227</u>
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Telephone	364,500	142,692	221,808
Equipment and maintenance	282,440	180,309	102,131
Training	20,000	2,515	17,485
Contract services	79,000	78,474	526
Supplies	15,473	12,150	3,323
Total expenditures	<u>761,413</u>	<u>416,140</u>	<u>345,273</u>
Revenues over (under) expenditures	(1,656)	343,844	345,500
<b>OTHER FINANCING SOURCES</b>			
Transfers from other funds	1,656	1,656	-
Net change in fund balance	<u>\$ -</u>	<u>345,500</u>	<u>\$ 345,500</u>
<b>FUND BALANCE</b>			
Beginning balance		48,200	
Ending balance		<u>\$ 393,700</u>	

# ORANGE COUNTY, NORTH CAROLINA

## VISITORS BUREAU FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Unrestricted intergovernmental	\$ 203,500	\$ 203,500	\$ -
Restricted intergovernmental	38,481	37,302	(1,179)
Charges for services	129,253	105,082	(24,171)
Investment earnings	-	59	59
Miscellaneous	1,132,541	1,661,844	529,303
Total revenues	1,503,775	2,007,787	504,012
<b>EXPENDITURES</b>			
Current:			
Community services	2,162,548	1,572,983	589,565
General government	341,537	347,152	(5,615)
Total expenditures	2,504,085	1,920,135	583,950
Revenues over (under) expenditures	(1,000,310)	87,652	1,087,962
<b>OTHER FINANCING SOURCES</b>			
Transfers from other funds	560,000	560,000	-
Appropriated fund balance	440,310	-	(440,310)
Total other financing sources	1,000,310	560,000	(440,310)
Net change in fund balance	\$ -	647,652	\$ 647,652
<b>FUND BALANCE</b>			
Beginning balance		157,752	
Ending balance		\$ 805,404	

**ORANGE COUNTY, NORTH CAROLINA**

**SPAY/NEUTER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Unrestricted intergovernmental	\$ 27,000	\$ 15,908	\$ (11,092)
Restricted intergovernmental	25,000	23,319	(1,681)
Investment earnings	350	17	(333)
Miscellaneous	10,000	5,350	(4,650)
Total revenues	<u>62,350</u>	<u>44,594</u>	<u>(17,756)</u>
<b>EXPENDITURES</b>			
Current:			
Community services:			
Animal shelter	63,051	50,387	12,664
Total expenditures	<u>63,051</u>	<u>50,387</u>	<u>12,664</u>
Revenues under expenditures	<u>(701)</u>	<u>(5,793)</u>	<u>(5,092)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other funds	(12,600)	-	(12,600)
Appropriated fund balance	13,301	-	(13,301)
Other financing sources (uses), net	701	-	(25,901)
Net change in fund balance	<u>\$ -</u>	<u>(5,793)</u>	<u>\$ (30,993)</u>
<b>FUND BALANCE</b>			
Beginning balance		18,413	
Ending balance		<u>\$ 12,620</u>	

**ORANGE COUNTY, NORTH CAROLINA**

**DSS CLIENT SERVICES**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	Project Authorization	Actual		Total	Variance Positive (Negative)
		Prior Year	Current Year		
<b>REVENUES</b>					
Charges for services	\$ -	\$ 23,346	\$ -	\$ 23,346	\$ 23,346
Restricted intergovernmental	359,119	1,162,946	284,395	1,447,341	1,088,222
Investment earnings	-	22,252	615	22,867	22,867
Miscellaneous	28,385	420,494	25,110	445,604	417,219
Total revenues	<u>387,504</u>	<u>1,629,038</u>	<u>310,120</u>	<u>1,939,158</u>	<u>1,551,654</u>
<b>EXPENDITURES</b>					
Current:					
Human services:					
Adoption enhancement	<u>387,504</u>	<u>912,412</u>	<u>324,764</u>	<u>1,237,176</u>	<u>(849,672)</u>
Revenues over (under) expenditures	-	716,626	(14,644)	701,982	701,982
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	-	76,945	-	76,945	76,945
Net change in fund balance	<u>\$ -</u>	<u>\$ 793,571</u>	<u>(14,644)</u>	<u>\$ 778,927</u>	<u>\$ 778,927</u>
<b>FUND BALANCE</b>					
Beginning balance			793,571		
Ending balance			<u>\$ 778,927</u>		

**ORANGE COUNTY, NORTH CAROLINA**

**RECREATION SUBDIVISION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 441	\$ 441
Miscellaneous	-	4,865	4,865
Total revenues	<u>-</u>	<u>5,306</u>	<u>5,306</u>
<b>EXPENDITURES</b>			
Current:			
Community services	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	-	5,306	5,306
<b>OTHER FINANCING USES</b>			
Transfers to other funds	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>5,306</u>	<u>\$ 5,306</u>
<b>FUND BALANCE</b>			
Beginning balance		<u>575,523</u>	
Ending balance		<u>\$ 580,829</u>	

**ORANGE COUNTY, NORTH CAROLINA**

**SMALL BUSINESS LOANS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Sales tax	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-
Investment earnings	-	110	110
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>110</u>	<u>110</u>
<b>EXPENDITURES</b>			
Current:			
Community services	-	66	(66)
Net change in fund balance	<u>\$ -</u>	<u>44</u>	<u>\$ 44</u>
<b>FUND BALANCE</b>			
Beginning balance		<u>402,900</u>	
Ending balance		<u>\$ 402,944</u>	

**ORANGE COUNTY, NORTH CAROLINA**

**LIBRARY DEVELOPMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Investment earnings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENDITURES</b>			
Current:			
Community services	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
<b>FUND BALANCE</b>			
Beginning balance		<u>91,320</u>	
Ending balance		<u><u>\$ 91,320</u></u>	

ORANGE COUNTY, NORTH CAROLINA

MENTAL HEALTH INSURANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Investment earnings	\$ 4,500	\$ 314	\$ (4,186)
<b>EXPENDITURES</b>			
Current:			
Human services	4,500	5,087	(587)
Net change in fund balance	<u>\$ -</u>	<u>(4,773)</u>	<u>\$ (4,773)</u>
<b>FUND BALANCE</b>			
Beginning balance		415,996	
Ending balance		<u>\$ 411,223</u>	

**ORANGE COUNTY, NORTH CAROLINA**

**REPRESENTATIVE PAYEE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Miscellaneous	<u>\$ 260,000</u>	<u>\$ 107,448</u>	<u>\$ (152,552)</u>
<b>EXPENDITURES</b>			
Current:			
Human services	260,000	83,416	176,584
Net change in fund balance	<u>\$ -</u>	<u>24,032</u>	<u>\$ 24,032</u>
<b>FUND BALANCE</b>			
Beginning balance		79,005	
Ending balance		<u>\$ 103,037</u>	

ORANGE COUNTY, NORTH CAROLINA

COMMUNICATION TOWER TRUST FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
License and permits	<u>\$ 44,100</u>	<u>\$ 37,200</u>	<u>\$ (6,900)</u>
<b>EXPENDITURES</b>			
Current:			
Community services	<u>44,100</u>	<u>43,000</u>	<u>1,100</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,800)</u>	<u>\$ (5,800)</u>
<b>FUND BALANCE</b>			
Beginning balance		<u>15,223</u>	
Ending balance		<u>\$ 9,423</u>	

ORANGE COUNTY, NORTH CAROLINA

SCHOOL DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Property taxes	\$ 24,957,420	\$ 25,290,711	\$ 333,291
<b>EXPENDITURES</b>			
Current:			
Education	24,957,420	25,290,711	(333,291)
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE</b>			
Beginning balance		-	
Ending balance		<u>\$ -</u>	

ORANGE COUNTY, NORTH CAROLINA

ORANGE COUNTY GIVING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Miscellaneous	90,000	\$ -	\$ (90,000)
<b>EXPENDITURES</b>			
Current:			
General government	90,000	371	89,629
Total expenditures	90,000	371	89,629
Net change in fund balance	<u>\$ -</u>	<u>(371)</u>	<u>\$ (371)</u>
<b>FUND BALANCE</b>			
Beginning balance		32,384	
Ending balance		<u>\$ 32,013</u>	

# ORANGE COUNTY, NORTH CAROLINA

## DENTAL AND HEALTH INSURANCE FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 12,336,336	\$ 11,649,262	\$ (687,074)
Investment earnings	-	228	228
Total revenues	12,336,336	11,649,490	(686,846)
<b>EXPENDITURES</b>			
Operations	12,211,848	11,503,951	707,897
General and administrative	131,994	119,410	12,584
Total expenditures	12,343,842	11,623,361	720,481
Revenues over (under) expenditures	(7,506)	26,129	33,635
<b>OTHER FINANCING SOURCES</b>			
Appropriated fund balance	7,506	-	(7,506)
Other financing sources	7,506	-	(7,506)
Revenues and other financing sources over expenditures	\$ -	26,129	\$ 26,129
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Increase in claims payable		381,646	
Change in net position - GAAP Basis		\$ 407,775	

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
JUNE 30, 2022**

	<b>Cooperative Extension 4-H Fund</b>	<b>American Stone No Fault Well Repair Fund</b>	<b>Jail Inmate Pay Fund</b>	<b>Crop Loan Fund</b>	<b>Total Custodial Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 70,797	\$ 155,419	\$ 28,969	\$ 35,954	\$ 291,139
Total assets	<u>70,797</u>	<u>155,419</u>	<u>28,969</u>	<u>35,954</u>	<u>291,139</u>
<b>LIABILITIES</b>					
Accounts payable	2,496	937	-	-	3,433
Accrued liabilities	<u>51,372</u>	<u>-</u>	<u>11,401</u>	<u>-</u>	<u>62,773</u>
Total liabilities	<u>53,868</u>	<u>937</u>	<u>11,401</u>	<u>-</u>	<u>66,206</u>
<b>NET POSITION</b>					
Restricted for:					
Individuals, organizations and other governments	<u>16,929</u>	<u>154,482</u>	<u>17,568</u>	<u>35,954</u>	<u>224,933</u>
Total net position	<u>\$ 16,929</u>	<u>\$ 154,482</u>	<u>\$ 17,568</u>	<u>\$ 35,954</u>	<u>\$ 224,933</u>

**ORANGE COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Cooperative Extension 4-H Fund</b>	<b>American Stone No Fault Well Repair Fund</b>	<b>Jail Inmate Pay Fund</b>	<b>Crop Loan Fund</b>	<b>Total Custodial Funds</b>
<b>ADDITIONS</b>					
Charges for services	\$ 11,603	\$ 15,000	\$ -	\$ -	\$ 26,603
Collections on behalf of inmates	-	-	285,130	-	285,130
Donations	8,170	-	-	-	8,170
Investment earnings	48	112	-	-	160
Crop loan repayments	-	-	-	28	28
<b>Total additions</b>	<b>19,821</b>	<b>15,112</b>	<b>285,130</b>	<b>28</b>	<b>320,091</b>
<b>DEDUCTIONS</b>					
Water improvements	-	7,699	-	-	7,699
Payments on behalf of inmates	-	-	264,034	-	264,034
Payments to Orange County	-	-	11,355	-	11,355
Culture and recreation	16,329	-	-	-	16,329
<b>Total deductions</b>	<b>16,329</b>	<b>7,699</b>	<b>275,389</b>	<b>-</b>	<b>299,417</b>
<b>Net change in fiduciary net position</b>	<b>3,492</b>	<b>7,413</b>	<b>9,741</b>	<b>28</b>	<b>20,674</b>
<b>NET POSITION</b>					
Beginning balance, as previously reported	13,437	147,069	7,827	35,926	204,259
<b>Ending balance</b>	<b>\$ 16,929</b>	<b>\$ 154,482</b>	<b>\$ 17,568</b>	<b>\$ 35,954</b>	<b>\$ 224,933</b>

**ORANGE COUNTY, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

**JUNE 30, 2022**

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2021</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2022</b>
2021-2022	\$ -	\$ 179,742,965	\$ 178,314,181	\$ 1,428,784
2020-2021	1,412,054	-	853,760	558,294
2019-2020	675,102	-	226,201	448,901
2018-2019	390,084	-	99,821	290,263
2017-2018	243,687	-	59,870	183,817
2016-2017	163,664	-	46,414	117,250
2015-2016	106,821	-	24,660	82,161
2014-2015	81,848	-	50,199	31,649
All-prior	1,323,001	-	-	1,323,001
	<u>\$ 4,396,261</u>	<u>\$ 179,742,965</u>	<u>\$ 179,675,106</u>	<u>4,464,120</u>
				Less: allowance for uncollectible accounts - General Fund <u>(2,032,505)</u>
				Ad valorem taxes receivable - net <u>\$ 2,431,615</u>
				<u>Reconciliation to revenues:</u>
				Ad valorem taxes - General Fund \$ 179,820,454
				Reconciling items:
				Interest and penalties 673,680
				Miscellaneous adjustments <u>(819,028)</u>
				Total collections and credits <u>\$ 179,675,106</u>

# ORANGE COUNTY, NORTH CAROLINA

## ANALYSIS OF CURRENT TAX LEVY COUNTY-WIDE LEVY FOR THE YEAR ENDED JUNE 30, 2022

	County-wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current rate	\$ 21,944,533,529	0.8190	\$ 179,659,896	\$ 168,226,829	\$ 11,433,067
Late listing penalties	-		73,622	73,622	-
Lien advertisement	-		9,447	9,447	-
Total	21,944,533,529		179,742,965	168,309,898	11,433,067
Releases	-	0.8190	-	-	-
Total property valuation	\$ 21,944,533,529				
Net levy			179,742,965	168,309,898	11,433,067
Uncollected taxes at June 30, 2021			(1,428,784)	(1,428,784)	-
Current year's taxes collected			\$ 178,314,181	\$ 166,881,114	\$ 11,433,067
Current levy collection percentage			99.21%	99.15%	100.00%

# STATISTICAL SECTION

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This section of the County's annual comprehensive 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.

## Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

## Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, the ad valorem or property tax.

## Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

## Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

## Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's annual comprehensive financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the County's annual comprehensive financial reports for the relevant year.

# ORANGE COUNTY, NORTH CAROLINA

## Net Position By Component Last Ten Fiscal Years

	2022	2021	(1) (Restated) 2020	2019
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 64,787,858	\$ 36,420,704	\$ 32,355,004	\$ 29,752,938
Restricted for:				
Stabilization by State statute	21,373,361	15,881,733	17,838,399	16,392,707
Various other programs	6,871,946	5,931,817	47,732,061	67,909,157
Unrestricted	(255,080,848)	(240,453,014)	(249,861,109)	(212,549,798)
Total governmental activities net position	<u>\$ (162,047,683)</u>	<u>\$ (182,218,760)</u>	<u>\$ (151,935,645)</u>	<u>\$ (98,494,996)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 9,728,045	\$ 7,740,664	\$ 7,331,915	\$ 9,391,992
Unrestricted	7,989,721	6,994,389	9,857,968	7,007,056
Total business-type activities net position	<u>\$ 17,717,766</u>	<u>\$ 14,735,053</u>	<u>\$ 17,189,883</u>	<u>\$ 16,399,048</u>
<b>TOTAL - PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 74,515,903	\$ 44,161,368	\$ 39,686,919	\$ 39,144,930
Restricted for:				
Stabilization by State statute	21,373,361	15,881,733	17,838,399	16,392,707
Various other programs	6,871,946	5,931,817	47,732,061	67,909,157
Unrestricted	(247,091,127)	(233,458,625)	(240,003,141)	(205,542,742)
Total primary government net position	<u>\$ (144,329,917)</u>	<u>\$ (167,483,707)</u>	<u>\$ (134,745,762)</u>	<u>\$ (82,095,948)</u>

**Notes to the Schedule:**

In accordance with North Carolina law, total liabilities of the County include approximately \$99 million in long-term debt associated with assets belonging to the Orange County Board of Education and the Chapel Hill-Carrboro Board of Education. These assets are not reflected in the County's financial statements thereby creating the deficit balance in total net position.

(1) - Governmental activities were restated for the implementation of GASB Statement No. 84 and business-type activities were restated for the correction of an error.

Table 1

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 30,229,146	\$ 29,924,257	\$ 23,190,053	\$ 42,946,587	\$ 21,308,363	\$ 19,154,413
14,222,179	12,264,244	13,693,038	12,845,946	15,617,944	14,036,419
37,517,431	17,264,973	23,225,509	4,493,650	4,287,300	12,551,518
(155,693,774)	(133,115,016)	(79,859,843)	(94,888,828)	(91,105,688)	(101,233,902)
<u>\$ (73,725,018)</u>	<u>\$ (73,661,542)</u>	<u>\$ (19,751,243)</u>	<u>\$ (34,602,645)</u>	<u>\$ (49,892,081)</u>	<u>\$ (55,491,552)</u>
\$ 10,361,313	\$ 6,883,243	\$ 7,462,618	\$ 7,327,120	\$ 8,478,262	\$ 7,038,493
6,165,732	5,058,871	3,322,472	2,539,292	2,563,784	3,862,994
<u>\$ 16,527,045</u>	<u>\$ 11,942,114</u>	<u>\$ 10,785,090</u>	<u>\$ 9,866,412</u>	<u>\$ 11,042,046</u>	<u>\$ 10,901,487</u>
\$ 40,590,459	\$ 36,807,500	\$ 30,652,671	\$ 50,273,707	\$ 29,786,625	\$ 26,192,906
14,222,179	12,264,244	13,693,038	12,845,946	15,617,944	14,036,419
37,517,431	17,264,973	23,225,509	4,493,650	4,287,300	12,551,518
(149,528,042)	(128,056,145)	(76,537,371)	(92,349,536)	(88,541,904)	(97,370,908)
<u>\$ (57,197,973)</u>	<u>\$ (61,719,428)</u>	<u>\$ (8,966,153)</u>	<u>\$ (24,736,233)</u>	<u>\$ (38,850,035)</u>	<u>\$ (44,590,065)</u>

# ORANGE COUNTY, NORTH CAROLINA

## Changes in Net Position Last Ten Fiscal Years

	2022	(2) 2021	2020	2019
<b>EXPENSES</b>				
<i>Governmental activities:</i>				
Governing and management	N/A	N/A	N/A	N/A
General services	N/A	N/A	N/A	N/A
Community and environment	N/A	N/A	N/A	N/A
Cultural and recreational	N/A	N/A	N/A	N/A
Community services	\$ 18,018,607	\$ 14,484,271	\$ 16,617,090	\$ 15,902,720
General Government	15,219,514	22,774,275	20,030,815	15,382,288
Public safety	41,248,675	41,376,196	36,883,247	33,718,408
Human services	57,651,056	56,271,330	48,406,126	44,580,536
Education	132,090,386	155,464,500	156,765,760	132,364,089
Support services	19,873,747	16,301,136	19,391,577	19,455,503
Interest on long-term debt	9,301,115	14,275,755	7,641,254	6,954,179
Total expenses - governmental activities	293,403,100	320,947,463	305,735,869	268,357,723
<i>Business-Type activities:</i>				
Landfill	10,272,510	11,222,179	10,820,274	10,783,737
SportsPlex	4,067,041	3,204,250	3,105,279	3,739,404
Efland Sewer (1)	-	470	87,564	327,665
Total expenses - business-type activities	14,339,551	14,426,899	14,013,117	14,850,806
<b>Total expenses - primary government</b>	307,742,651	335,374,362	319,748,986	283,208,529
<b>REVENUES</b>				
<i>Governmental activities:</i>				
<i>Program revenues:</i>				
Charges for services	14,984,721	12,647,084	15,099,534	15,827,035
Operating grants and contributions	31,355,542	31,345,445	28,714,814	24,223,044
Capital grants and contributions	1,129,817	454,718	1,256,036	1,157,514
<i>General revenues:</i>				
Property taxes	213,946,408	201,379,367	171,493,308	165,411,715
Other taxes	44,737,788	37,498,124	33,073,561	33,541,804
Other revenues	9,261,726	6,894,256	2,130,474	3,553,143
Total revenues - governmental activities	315,416,002	290,218,994	251,767,727	243,714,255
<i>Business-type activities:</i>				
<i>Program revenues:</i>				
Charges for services	15,173,330	13,764,050	14,077,939	14,259,849
Operating grants and contributions	9,787	6,319	3,681	30,570
Capital grants and contributions	-	-	164,560	305,882
<i>General revenues:</i>				
Other revenues	701,197	344,748	-	-
Special item (1)	-	(1,697,694)	-	-
Total revenues - business-type activities	15,884,314	12,417,423	14,246,180	14,596,301
<b>Total revenues - primary government</b>	331,300,316	302,636,417	266,013,907	258,310,556

2018	2017	2016	2015	2014	2013
N/A	N/A	N/A	\$ 19,289,101	\$ 26,361,842	\$ 22,025,337
N/A	N/A	N/A	9,178,467	7,867,632	6,980,383
N/A	N/A	N/A	13,773,024	11,552,941	9,821,519
N/A	N/A	N/A	2,486,556	2,354,533	2,162,503
\$ 15,223,280	\$ 14,528,306	\$ 11,798,260	N/A	N/A	N/A
16,685,804	17,268,682	22,439,461	N/A	N/A	N/A
32,247,386	29,634,987	28,476,942	27,613,011	25,479,585	24,569,638
43,371,252	45,058,561	45,512,630	38,142,905	36,755,137	35,126,478
106,689,649	97,196,824	86,255,010	84,862,221	81,732,135	91,151,052
12,733,446	14,579,007	11,344,246	N/A	N/A	N/A
5,707,204	3,311,756	3,933,332	4,782,894	5,567,955	7,685,735
<u>232,658,021</u>	<u>221,578,123</u>	<u>209,759,881</u>	<u>200,128,179</u>	<u>197,671,760</u>	<u>199,522,645</u>
9,566,421	10,197,990	9,812,564	11,037,061	11,463,642	6,892,530
3,608,084	3,354,734	3,420,624	3,215,365	3,135,791	3,020,626
443,049	399,818	430,846	243,993	284,773	333,568
<u>13,617,554</u>	<u>13,952,542</u>	<u>13,664,034</u>	<u>14,496,419</u>	<u>14,884,206</u>	<u>10,246,724</u>
<u>246,275,575</u>	<u>235,530,665</u>	<u>223,423,915</u>	<u>214,624,598</u>	<u>212,555,966</u>	<u>209,769,369</u>
15,719,203	16,424,044	15,778,566	15,698,925	14,100,487	13,235,408
24,212,789	26,044,125	26,418,629	26,224,918	26,259,362	24,611,570
1,620,344	1,000,233	1,059,278	1,112,971	1,656,217	2,489,408
160,185,898	155,565,259	153,059,233	149,605,562	148,940,579	142,951,109
32,377,997	29,522,796	27,712,231	26,378,822	22,924,419	21,248,342
218,178	618,793	267,113	25,268	29,414	107,517
<u>234,334,409</u>	<u>229,175,250</u>	<u>224,295,050</u>	<u>219,046,466</u>	<u>213,910,478</u>	<u>204,643,354</u>
13,482,011	11,861,307	11,719,530	8,496,708	8,708,132	11,201,138
200,448	-	-	1,192,897	274,429	466,966
138,915	261,713	162,555	2,328	2,969	9,624
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,821,374</u>	<u>12,123,020</u>	<u>11,882,085</u>	<u>9,691,933</u>	<u>8,985,530</u>	<u>11,677,728</u>
<u>248,155,783</u>	<u>241,298,270</u>	<u>236,177,135</u>	<u>228,738,399</u>	<u>222,896,008</u>	<u>216,321,082</u>

# ORANGE COUNTY, NORTH CAROLINA

## Changes in Net Position Last Ten Fiscal Years

	2022	(2) 2021	2020	2019
<b>TRANSFERS</b>				
Governmental activities	\$ (790,000)	\$ 445,354	\$ (2,293)	\$ (126,510)
Business-type activities	790,000	(445,354)	2,293	126,510
<b>NET CHANGE IN NET POSITION</b>				
Governmental activities	21,222,902	(30,283,115)	(53,970,435)	(24,769,978)
Business-type activities	2,334,763	(2,454,830)	235,356	(127,995)
<b>NET POSITION</b>				
Beginning balances, as previously reported	(167,483,707)	(135,831,027)	(82,095,948)	(57,197,975)
Prior period adjustments	(403,875)	1,085,265	-	-
Beginning balances, as restated	(167,887,582)	(134,745,762)	(82,095,948)	(57,197,975)
Ending balances	\$ (144,329,917)	\$ (167,483,707)	\$ (135,831,027)	\$ (82,095,948)

**Notes to the Schedule:**

N/A - Orange County changed to Functional Leadership Teams in FY 2015-16.

(1) - Special item includes the conveyance of the Efland Sewer system to the City of Mebane, North Carolina.

(2) - See note (1) on Table 1.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ (1,739,866)	\$ (1,568,349)	\$ (1,834,548)	\$ (2,376,743)	\$ (2,730,996)	\$ (2,311,895)
<u>1,739,866</u>	<u>1,568,349</u>	<u>1,834,548</u>	<u>2,376,743</u>	<u>2,730,996</u>	<u>2,311,895</u>
(63,478)	6,028,778	12,700,621	16,541,544	13,507,722	2,808,814
<u>1,943,686</u>	<u>(261,173)</u>	<u>(415,014)</u>	<u>(2,427,743)</u>	<u>(3,167,680)</u>	<u>3,742,899</u>
(4,372,786)	(8,966,153)	(24,736,234)	(34,249,723)	(44,589,765)	(50,269,955)
<u>(54,705,397)</u>	<u>(1,174,238)</u>	<u>3,484,474</u>	<u>(4,600,312)</u>	<u>-</u>	<u>(871,523)</u>
<u>(59,078,183)</u>	<u>(10,140,391)</u>	<u>(21,251,760)</u>	<u>(38,850,035)</u>	<u>(44,589,765)</u>	<u>(51,141,478)</u>
<u>\$ (57,197,975)</u>	<u>\$ (4,372,786)</u>	<u>\$ (8,966,153)</u>	<u>\$ (24,736,234)</u>	<u>\$ (34,249,723)</u>	<u>\$ (44,589,765)</u>

# ORANGE COUNTY, NORTH CAROLINA

## Fund Balances - Governmental Funds Last Ten Fiscal Years

	2022	2021	2020	2019
<b>GENERAL FUND</b>				
Non-spendable:				
Prepaid items	\$ -	\$ 579,291	\$ 300,192	\$ 3,001
Inventories	73,171	9,645	9,645	12,428
Other	5,543	10,818	136,000	136,000
Restricted for:				
Stabilization for State statute	20,244,134	14,858,782	16,205,850	15,007,391
Committed:				
Health Benefits	7,543,841	7,543,841	7,543,841	7,543,841
General services	-	-	-	-
Assigned:				
Subsequent year expenditures	14,608,880	14,757,382	8,268,603	7,808,006
Unassigned	38,870,823	38,357,267	35,479,220	35,697,519
Total General Fund	81,346,392	76,117,026	67,943,351	66,208,186
<b>ALL OTHER GOVERNMENTAL FUNDS (1)</b>				
Non-spendable:				
Notes receivable	1,250,517	1,332,130	-	-
Restricted for:				
Stabilization for State Statute	1,129,227	1,022,951	1,632,549	1,385,316
Education	28,765,551	16,587,053	43,324,451	63,291,434
Human services	2,688,612	2,224,961	165,940	252,328
Governing and management	N/A	N/A	N/A	N/A
Public safety	2,300,661	2,503,052	2,871,984	2,774,848
Community services	1,684,160	955,701	1,148,324	1,279,385
Community and environment	-	-	-	-
Capital projects	56,911,631	27,099,316	45,206,350	19,695,260
Committed				
Human services	778,927	756,432	169,777	143,902
Education	4,099,582	2,933,874	1,140,095	1,140,095
Community services	-	-	2,710,240	1,928,742
Governing and management	N/A	N/A	N/A	N/A
Assigned:				
Human services	134,125	95,080	3,396,354	2,724,748
Community services	-	-	44,724	50,448
Community and environment	N/A	N/A	N/A	N/A
General services	N/A	N/A	N/A	N/A
Education	-	-	-	-
Capital projects	-	134,023	134,004	4,569,498
Unassigned	(1,383,455)	(3,367,130)	(722,240)	-
Total All Other Government Funds	98,359,538	52,277,443	101,222,552	99,236,004
Total Government Funds	\$ 179,705,930	\$ 128,394,469	\$ 169,165,903	\$ 165,444,190

**Notes to the Schedule:**

Table 3

2018	2017	2016	2015	2014	2013
\$ 3,001	\$ 3,001	\$ 3,001	\$ -	\$ -	\$ 16,946
16,973	7,329	13,668	20,306	29,242	23,008
136,000	136,000	-	-	-	-
12,576,115	10,739,850	12,151,274	11,255,821	12,102,492	9,736,214
7,543,841	7,543,841	7,543,841	-	-	-
-	-	-	7,543,841	6,001,641	3,105,267
8,820,099	9,769,060	13,880,592	10,650,770	10,068,343	5,190,118
34,439,230	34,527,855	30,873,811	35,548,843	33,913,229	36,608,054
<u>63,535,259</u>	<u>62,726,936</u>	<u>64,466,187</u>	<u>65,019,581</u>	<u>62,114,947</u>	<u>54,679,607</u>
-	-	-	-	-	-
1,646,064	1,524,394	1,541,764	1,590,125	3,515,452	4,467,734
26,763,497	4,330,808	10,266,810	6,444,383	8,454,406	10,249,519
2,668,966	2,748,663	2,533,694	N/A	N/A	N/A
N/A	N/A	N/A	21,408,280	12,284,550	5,282,833
2,755,925	2,017,706	1,590,761	2,402,687	1,539,413	1,081,573
3,716,198	3,419,193	3,160,345	N/A	N/A	N/A
-	-	-	2,297,379	2,747,887	1,052,897
25,144,847	28,485,737	23,780,620	N/A	N/A	N/A
125,878	81,079	35,122	788,612	659,102	741,703
-	-	-	113,388	113,371	113,352
-	-	-	N/A	N/A	N/A
N/A	N/A	N/A	32,494	32,488	32,483
166,439	141,597	228,063	N/A	N/A	N/A
64,006	62,771	67,294	N/A	N/A	N/A
N/A	N/A	N/A	1,363,560	1,075,872	2,709,603
N/A	N/A	N/A	72,133	9,154	9,154
-	-	-	4,341,861	2,701,717	2,039,169
148,396	146,913	146,144	-	-	-
-	-	-	(276,297)	(2,695,073)	(3,667,415)
<u>63,200,216</u>	<u>42,958,861</u>	<u>43,350,617</u>	<u>40,578,605</u>	<u>30,438,339</u>	<u>24,112,605</u>
<u>\$ 126,735,475</u>	<u>\$ 105,685,797</u>	<u>\$ 107,816,804</u>	<u>\$ 105,598,186</u>	<u>\$ 92,553,286</u>	<u>\$ 78,792,212</u>

# ORANGE COUNTY, NORTH CAROLINA

## Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years

	2022	(1) 2021	2020	2019
<b>REVENUES</b>				
Property taxes	\$ 213,925,307	\$ 201,160,334	\$ 171,125,831	\$ 165,291,673
Other taxes	43,075,944	36,530,714	33,073,561	33,541,804
Intergovernmental revenues	38,037,018	37,665,928	28,132,049	25,116,465
Charges for services	14,698,427	12,355,060	12,335,681	12,946,473
Investment earnings	231,204	292,024	2,103,470	3,553,143
Other revenues	5,094,731	2,685,552	3,596,504	3,144,655
Total revenues	315,062,631	290,689,612	250,367,096	243,594,213
<b>EXPENDITURES</b>				
Current:				
Governing and management	N/A	N/A	N/A	N/A
General services	N/A	N/A	N/A	N/A
Community and environment	N/A	N/A	N/A	N/A
Cultural and recreational	N/A	N/A	N/A	N/A
Community services	16,244,058	14,049,012	15,585,690	15,298,049
General government	11,330,701	15,426,594	10,170,359	9,898,414
Public safety	36,226,038	39,118,307	34,041,147	31,710,007
Human services	53,559,345	55,152,414	45,950,432	43,665,611
Education	131,985,386	155,464,500	151,003,467	127,320,635
Support services	12,578,233	12,535,964	15,178,951	12,626,572
Capital outlay	14,940,246	26,148,205	24,745,320	14,141,956
Debt Service:				
Principal	32,887,437	23,777,135	22,239,544	21,929,818
Interest and other charges	11,401,340	12,092,055	10,024,425	9,300,600
Total expenditures	321,152,784	353,764,186	328,939,335	285,891,662
Revenues over (under) expenditures	(6,090,153)	(63,074,574)	(78,572,239)	(42,297,449)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	56,474,149	22,525,555	88,616,970	77,160,000
Premiums on long-term debt issued	1,621,526	3,472,402	7,291,635	6,586,231
Payments to escrow agent - refunding	-	(7,136,379)	(14,549,364)	-
Proceeds from sale of capital assets	95,939	1,422	27,004	12,963
Transfers from other funds	8,882,396	16,659,872	17,613,046	5,964,008
Transfers to other funds	(9,672,396)	(13,749,518)	(16,705,339)	(8,717,038)
Other financing sources (uses), net	57,401,614	21,773,354	82,293,952	81,006,164
Net change in fund balances	\$ 51,311,461	\$ (41,301,220)	\$ 3,721,713	\$ 38,708,715
Debt service as a percentage of non-capital expenditures	14.32%	10.95%	10.41%	11.28%

**Notes to the Schedule:**

N/A - Orange County changed to Functional Leadership Teams in FY 2015-16.

(1) - The implementation of GASB Statement No. 84 created five new special revenue funds.

Table 4

2018	2017	2016	2015	2014	2013
\$ 160,164,100	\$ 155,630,633	\$ 153,539,268	\$ 150,938,119	\$ 149,384,079	\$ 142,589,686
31,012,534	29,522,796	27,712,231	26,378,822	22,924,419	21,248,342
25,618,064	26,454,930	27,002,678	27,337,889	27,212,924	26,395,066
12,974,619	12,015,197	10,787,145	12,620,908	10,998,366	10,317,422
1,392,733	618,793	267,113	25,155	29,301	107,430
2,974,653	5,013,275	5,412,883	4,653,526	3,106,135	3,586,283
<u>234,136,703</u>	<u>229,255,624</u>	<u>224,721,318</u>	<u>221,954,419</u>	<u>213,655,224</u>	<u>204,244,229</u>
N/A	N/A	N/A	13,050,437	13,027,305	12,280,547
N/A	N/A	N/A	8,823,950	7,793,954	7,041,005
N/A	N/A	N/A	13,612,192	12,915,703	11,815,147
N/A	N/A	N/A	2,647,079	2,395,681	2,167,876
14,659,707	14,186,060	11,980,673	N/A	N/A	N/A
9,692,463	8,209,934	9,369,732	N/A	N/A	N/A
30,746,216	29,093,813	28,396,838	26,634,573	25,678,516	23,304,121
43,022,683	44,427,224	46,194,177	37,584,165	36,235,780	34,689,069
98,899,949	97,196,824	86,255,010	78,548,393	71,212,992	67,488,591
12,974,342	13,929,639	11,661,104	N/A	N/A	N/A
12,375,007	5,538,992	7,580,903	13,030,640	20,928,560	31,105,574
21,164,194	19,830,716	20,049,781	19,344,248	18,803,953	16,267,209
7,373,100	6,854,627	6,867,259	8,369,842	6,680,919	8,759,668
<u>250,907,661</u>	<u>239,267,829</u>	<u>228,355,477</u>	<u>221,645,519</u>	<u>215,673,363</u>	<u>214,918,807</u>
<u>(16,770,958)</u>	<u>(10,012,205)</u>	<u>(3,634,159)</u>	<u>308,900</u>	<u>(2,018,139)</u>	<u>(10,674,578)</u>
62,125,757	9,354,561	6,655,158	33,084,778	18,549,081	17,079,305
7,865,143	-	-	-	-	-
(30,091,068)	-	-	(17,972,035)	-	(13,685,000)
190,910	95,016	32,167	-	-	-
8,228,700	9,706,368	8,280,750	6,756,556	8,036,336	11,265,642
(10,498,836)	(11,274,717)	(10,115,298)	(9,133,299)	(10,806,204)	(13,685,581)
<u>37,820,606</u>	<u>7,881,228</u>	<u>4,852,777</u>	<u>12,736,000</u>	<u>15,779,213</u>	<u>974,366</u>
<u>\$ 21,049,648</u>	<u>\$ (2,130,977)</u>	<u>\$ 1,218,618</u>	<u>\$ 13,044,900</u>	<u>\$ 13,761,074</u>	<u>\$ (9,700,212)</u>
<u>11.52%</u>	<u>11.33%</u>	<u>11.79%</u>	<u>12.70%</u>	<u>12.05%</u>	<u>11.87%</u>

# ORANGE COUNTY, NORTH CAROLINA

## Assessed Values and Actual Values of Taxable Property Last Ten Fiscal Years

Fiscal Year		Real Property	Personal Property	Public-Service Companies	Less: Tax-Exempt Property
2013		\$ 14,630,730,056	\$ 1,274,117,983	\$ 235,565,073	\$ 64,439,641
2014	(1)	14,734,501,833	1,724,462,428	239,923,242	66,527,135
2015		14,863,350,430	1,461,891,252	244,191,811	67,500,359
2016		15,020,157,254	1,442,897,338	382,744,805	67,617,005
2017		15,168,750,327	1,620,578,558	306,434,830	71,244,631
2018		16,385,248,774	1,711,150,366	315,583,138	81,081,408
2019		16,603,198,106	1,821,061,820	337,735,426	80,381,765
2020		16,974,899,491	1,726,673,593	337,564,917	82,646,419
2021		17,333,962,055	1,769,659,485	346,332,873	77,934,293
2022		19,776,883,656	1,884,947,740	364,879,155	82,177,022

**Notes to the Schedule:**

Source: Annual County Report of Valuation and Property Tax Levies

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.

(1) - Assessed value of personal property includes an additional three months valuation

**Table 5**

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<b>Net Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Market Value</b>	<b>Assessed Value as a Percent of Actual Value</b>
\$ 16,075,973,471	0.8580	\$ 18,896,681,052	85.07%
16,632,360,368	0.8580	19,398,362,762	85.57%
16,501,943,134	0.8780	19,323,118,424	85.40%
16,778,182,392	0.8780	19,676,536,170	85.27%
17,024,519,084	0.8780	19,932,700,016	85.41%
18,330,900,870	0.8377	19,247,060,972	95.24%
18,681,613,587	0.8504	20,299,482,328	92.03%
18,956,491,582	0.8679	21,116,733,410	89.77%
19,449,954,413	0.8679	21,885,849,476	88.87%
21,944,533,529	0.8187	22,233,569,938	98.70%

# ORANGE COUNTY, NORTH CAROLINA

## Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>County Direct Rates</b>				
Orange County (1)	\$ 0.081870	\$ 0.086790	\$ 0.086790	\$ 0.085040
Total general direct rate	<u>0.081870</u>	<u>0.086790</u>	<u>0.086790</u>	<u>0.085040</u>
Fire Districts (2)	0.088733	0.091666	0.090828	0.087540
Total direct rate	<u>\$ 0.170603</u>	<u>\$ 0.178456</u>	<u>\$ 0.177618</u>	<u>\$ 0.172580</u>
Chapel Hill-Carrboro School District	0.1830	0.2018	0.2018	0.2018
Municipality rates:				
Chapel Hill	0.5140	0.5440	0.5440	0.5280
Carrboro	0.6044	0.5944	0.5944	0.5944
Hillsborough	0.5870	0.6200	0.6200	0.6200
Mebane	0.4700	0.4700	0.4700	0.4700

**Notes to the Schedule:**

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.

**Table 6**

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
\$ 0.083770	\$ 0.087800	\$ 0.087800	\$ 0.087800	\$ 0.085800	\$ 0.085800
0.083770	0.087800	0.087800	0.087800	0.085800	0.085800
0.071220	0.060300	0.062300	0.059900	0.066300	0.059300
<u>\$ 0.154990</u>	<u>\$ 0.148100</u>	<u>\$ 0.150100</u>	<u>\$ 0.147700</u>	<u>\$ 0.152100</u>	<u>\$ 0.145100</u>
0.2018	0.2084	0.2084	0.2084	0.2084	0.1884
0.5080	0.5240	0.5240	0.5240	0.5140	0.4940
0.5894	0.5894	0.5894	0.5894	0.5894	0.5894
0.6200	0.6800	0.6800	0.6800	0.6800	0.6800
0.4700	0.4900	0.4900	0.4900	0.4700	0.4700

# ORANGE COUNTY, NORTH CAROLINA

## Principal Property Tax Payers Current Year and Nine Years Ago

Taxpayer	Type of Business	2022		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Carolina LLC	Public Utility	\$ 167,064,957	1	0.88%
Chapel Hill Foundation Real Estate Holdings Inc	Apartments/Retail	110,904,200	2	0.59%
BIR Chapel Hill LLC	Apartments/Retail	80,124,700	3	0.42%
NR Edge Apartments Property	Apartments/Retail	78,192,535	4	0.41%
Piedmont Electric Membership	Public utility	68,980,664	5	0.36%
Northwestern Mutual Life Insurance Co	Apartments rental	68,785,498	6	0.36%
Townhouse Apartments	Apartments rental	65,295,200	7	0.34%
LG Chapel Hill Apartments LLC	Apartments rental	58,524,700	8	0.31%
State Employees' Credit Union	Bank/Financial	57,475,536	9	0.30%
Public Service Co of NC Inc.	Utilities	53,943,684	10	0.28%
Greenbridge Development, LLC	Residential Condos			
East 54 Office Retail LLC	Office/Retail			
VAC Limited Partnership	Apartment rental			
Blue Cross and Blue Shield of N.C.	Health Insurance			
Corium LLC	Insurance provider			
ACC GF III Chapel Ridge/Chapel View LLC	Apartment rental			
Madison University Mall Properties	Retail			
Europa Center LLC	Hotel			
Total		\$ 809,291,674		4.25%

2013		
Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$ 100,262,900	1	0.63%
53,682,969	2	0.34%
49,153,900	3	0.31%
47,361,029	4	0.30%
36,188,797	5	0.23%
35,751,416	6	0.22%
35,399,116	7	0.22%
34,214,712	8	0.22%
33,928,284	9	0.21%
27,665,143	10	0.17%
<b>\$ 453,608,266</b>		<b>2.85%</b>

# ORANGE COUNTY, NORTH CAROLINA

## Property Tax Levies and Collections Last Ten Fiscal Years

<u>Tax Year</u>	<u>Year Ended June 30</u>	<u>(1) Current Adjusted Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	
			<u>Amount</u>	<u>% Collected</u>		
2012	(4)	2013 (4)	\$ 137,962,627	\$ 135,750,916	98.40%	(4)
2013	(4)	2014 (4)	142,778,607	141,033,067	98.78%	\$ 4,698,109 (4)
2014		2015	145,238,432	143,903,487	99.08%	1,253,097
2015		2016	146,967,477	145,747,667	99.17%	1,112,989
2016		2017	149,566,210	148,358,015	99.19%	1,044,531
2017		2018	153,783,722	152,424,863	99.12%	1,115,172
2018		2019	159,101,577	157,743,510	99.14%	967,983
2019		2020	164,884,700	163,403,993	99.10%	805,605
2020		2021	168,893,588	167,481,534	99.16%	853,760
<b>2021</b>		<b>2022</b>	<b>179,742,965</b>	<b>178,314,181</b>	<b>99.21%</b>	<b>-</b>

**Notes to the Schedule:**

(1) - Tax levy includes special districts.

(2) - NCGS 105 limits collection enforcement to ten years.

(3) - 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.

(4) - Collection and receivable balances for the tax years 2011 through 2013 are aggregated for reporting purposes.

Table 8

<u>Total Collections to Date</u>		<u>(2) Delinquent Taxes Receivable</u>	<u>(3) % of Receivable to Adjusted Tax Levy</u>
<u>Amount</u>	<u>% Collected</u>		
	(4)	N/A (4)	
\$ 416,197,844	(4) 99.68%	\$ 1,323,001 (4)	0.32%
145,156,584	99.94%	81,848	0.06%
146,860,656	99.93%	106,821	0.07%
149,402,546	99.89%	163,664	0.11%
153,540,035	99.84%	243,687	0.16%
158,711,493	99.75%	390,084	0.25%
164,209,598	99.59%	675,102	0.41%
168,335,294	99.67%	558,294	0.33%
<b>178,314,181</b>	<b>99.21%</b>	<b>1,428,784</b>	<b>0.79%</b>

# ORANGE COUNTY, NORTH CAROLINA

## Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Installment Loans	Capital Leases	State Revolving Loans	Premiums
2013	\$ 86,205,000	\$ 105,697,170	\$ 1,746,233	\$ 2,099,099	\$ 16,583,769
2014	77,150,000	120,189,844	-	1,663,703	15,318,561
2015	68,355,000	122,631,057	-	2,679,597	14,118,757
2016	59,280,000	118,995,610	-	2,533,957	9,995,850
2017	50,430,000	117,955,775	-	2,388,317	7,382,845
2018	71,185,000	111,568,633	-	2,242,677	13,049,290
2019	125,740,000	112,389,455	-	2,097,037	16,433,431
2020	131,000,000	160,217,516	-	831,074	20,933,128
2021	124,000,000	160,971,768	-	-	24,937,791
<b>2022</b>	<b>128,250,000</b>	<b>182,965,071</b>	<b>-</b>	<b>-</b>	<b>24,760,929</b>

**Notes to the Schedule:**

(1) - All outstanding debt is backed by the full faith, credit and taxing power of the County.

(2) - See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Table 9

Business-Type Activities			(1)	(2)	Percentage of	
Installment Loans	Capital Leases	Premiums	Total Outstanding Debt	Debt Per Capita	Estimated Actual Market Values	(2) Personal Income
\$ 9,429,225	\$ 325,128	\$ -	\$ 222,085,624	\$ 1,605	1.18%	3.11%
8,724,908	-	-	223,047,016	1,597	1.15%	3.04%
9,980,805	-	-	217,765,216	1,538	1.13%	2.88%
9,799,916	-	-	200,605,333	1,416	1.02%	2.56%
12,185,551	-	-	190,342,488	1,329	0.95%	2.14%
11,164,960	-	328,071	209,538,631	1,456	1.09%	2.36%
11,501,093	-	496,643	268,657,659	1,861	1.32%	2.76%
12,053,942	-	554,553	325,590,213	2,222	1.54%	3.31%
10,447,704	-	1,003,026	321,360,289	2,161	1.47%	3.22%
<b>73,210,400</b>	-	<b>942,737</b>	<b>410,129,137</b>	<b>2,752</b>	<b>1.84%</b>	<b>4.10%</b>

# ORANGE COUNTY, NORTH CAROLINA

## Ratios of Net General Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Debt Outstanding				
	General Obligation Bonds	Installment Loans	State Revolving loan	Premiums	Total
2013	\$ 86,205,000	\$ 105,697,170	\$ 2,099,099	\$ 16,583,769	\$ 210,585,038
2014	77,150,000	120,189,844	1,663,703	15,318,561	214,322,108
2015	68,355,000	122,631,057	2,679,597	14,118,757	207,784,411
2016	59,280,000	118,995,610	2,533,957	9,995,850	190,805,417
2017	50,430,000	117,955,775	2,388,317	7,382,845	178,156,937
2018	71,185,000	111,568,633	2,242,677	13,049,290	198,045,600
2019	125,740,000	112,389,455	2,097,037	16,433,431	256,659,923
2020	131,000,000	160,217,516	831,074	20,933,128	312,981,718
2021	124,000,000	160,971,768	-	24,937,791	309,909,559
<b>2022</b>	<b>128,250,000</b>	<b>182,965,071</b>	<b>-</b>	<b>24,760,929</b>	<b>335,976,000</b>

**Notes to the Schedule:**

(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.

**Table 10**

<b>Percentage of</b>		
<b>(1)</b>	<b>(2)</b>	<b>(1)</b>
<b>Personal</b>	<b>Net Assessed</b>	<b>Debt</b>
<b>Income</b>	<b>Property Value</b>	<b>Per Capita</b>
2.95%	1.31%	1,522
2.92%	1.29%	1,534
2.75%	1.26%	1,467
2.44%	1.14%	1,347
2.01%	1.05%	1,244
2.23%	1.08%	1,377
2.64%	1.37%	1,778
3.18%	1.65%	2,136
3.11%	1.59%	2,084
<b>3.36%</b>	<b>1.53%</b>	<b>2,255</b>

# ORANGE COUNTY, NORTH CAROLINA

## Legal Debt Margin Information Last Ten Fiscal Years

	2022	2021	2020	2019
Assessed value of property	<b>\$ 21,944,533,529</b>	\$ 19,449,954,413	\$ 18,956,491,582	\$ 18,681,613,587
Debt limit (1)	<b>\$ 1,755,562,682</b>	\$ 1,555,996,353	\$ 1,516,519,327	\$ 1,494,529,087
Amount of debt applicable to limit:				
Gross debt	<b>311,215,071</b>	295,399,529	292,048,590	240,226,492
Legal debt margin	<b>\$ 1,444,347,611</b>	\$ 1,260,596,824	\$ 1,224,470,737	\$ 1,254,302,595
Total net debt applicable to limit as a percentage of debt limit	<b>17.73%</b>	18.98%	19.26%	16.07%

**Notes to the Schedule:**

(1) - 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 debt 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 represents the County's legal borrowing authority.

Table 11

2018	2017	2016	2015	2014	2013
\$ 18,330,900,870	\$ 17,024,519,084	\$ 16,778,182,392	\$ 16,501,943,134	\$ 16,632,360,368	\$ 16,075,973,471
\$ 1,466,472,070	\$ 1,361,961,527	\$ 1,342,254,591	\$ 1,320,155,451	\$ 1,330,588,829	\$ 1,286,077,878
184,996,310	170,774,092	180,809,567	193,665,654	199,003,547	194,001,269
\$ 1,281,475,760	\$ 1,191,187,435	\$ 1,161,445,024	\$ 1,126,489,797	\$ 1,131,585,282	\$ 1,092,076,609
12.62%	12.54%	13.47%	14.67%	14.96%	15.08%

## ORANGE COUNTY, NORTH CAROLINA

### Direct and Overlapping Debt - Governmental Activities June 30, 2022

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>(1) Percentage Municipality in County</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Municipalities:			
Town of Carrboro	\$ 15,469,667	100%	\$ 15,469,667
Town of Chapel Hill	35,582,000	100%	35,582,000
Town of Hillsborough	28,792,871	100%	28,792,871
City of Durham	254,452,310	3%	7,633,569
Town of Mebane	8,059,973	30%	2,417,992
Overlapping debt	<u>342,356,820</u>		<u>89,896,098</u>
Direct debt	<u>410,129,137</u>		<u>410,129,137</u>
Total direct and overlapping debt	<u><u>\$ 752,485,957</u></u>		<u><u>\$ 500,025,235</u></u>

**Notes to the Schedule:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt of each overlapping government.

(1) - The Total Outstanding Debt (provided by the Finance Officers from the above listed municipalities) is multiplied by the percentage of the municipality's residents in the County.

The percentage of overlapping is computed by dividing the population of the County's residents residing in the municipality by the municipality's total population.

## ORANGE COUNTY, NORTH CAROLINA

### Demographic and Economic Statistics Last Ten Fiscal Years

Year	(1) Population	(2) Personal Income (Thousands)	(2) Per Capita Income	Median Age	(3) Public Schools Enrollment	(4) Unemployment Rate	(5) Building Permits Issued
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
2019	144,372	9,728,507	67,385	33.60	20,398	4.0%	2,087
2020	146,521	9,840,004	67,158	34.70	20,408	5.4%	4,853
2021	148,696	9,975,866	67,089	34.90	19,491	5.5%	4,085
2022	149,013	9,997,133	67,089	35.10	20,461	3.5%	4,838

**Notes to the Schedule:**

(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 the Town of Hillsborough.

## ORANGE COUNTY, NORTH CAROLINA

### Principal Employers Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment*	Employees	Rank	Percentage of Total County Employment
UNC-Health Care	13,536	1	17.85%	9,335	2	13.42%
UNC Chapel Hill	12,961	2	16.63%	15,964	1	22.95%
Chapel Hill-Carrboro City Schools	1,787	3	2.46%	1,686	3	2.42%
Orange County Government	1,280	4	1.76%	964	4	1.38%
Orange County Schools	1,272	5	1.75%	1,329	5	1.90%
Town of Chapel Hill	690	6	0.95%	879	6	1.32%
Industrial Connections & Solutions ABB (formerly G.E.)	655	7	0.90%	N/A	N/A	N/A
AKG of America	430	8	0.59%	N/A	N/A	N/A
Wegmans	374	9	0.52%	N/A	N/A	N/A
Armacell	312	10	0.43%	N/A	N/A	N/A
Blue Cross Blue shield	N/A	N/A	N/A	788	7	1.13%
UNC Physicians Network	N/A	N/A	N/A	533	8	0.76%
Aramack Services	N/A	N/A	N/A	444	9	0.63%
Harris Teeter, Inc	N/A	N/A	N/A	407	10	0.58%

**Notes to the Schedule:**

Source: Orange County Economic Development Commission, Employment Security Commission

\*Total Employment based on 2020 census value of 49,105 - <https://www.census.gov/quickfacts/orangecountynorthcarolina>

N/A - Employer is not in the top ten for the specific time period.

## ORANGE COUNTY, NORTH CAROLINA

### Full-Time Equivalent County Government Employees by Function Last Ten Fiscal Years

Function/Program	2022	2021	2020	2019	2018
Government and management	N/A	N/A	N/A	N/A	N/A
General services	N/A	N/A	N/A	N/A	N/A
Community and environment	N/A	N/A	N/A	N/A	N/A
Human services	N/A	N/A	N/A	N/A	N/A
Public safety	N/A	N/A	N/A	N/A	N/A
Cultural and recreational	N/A	N/A	N/A	N/A	N/A
Solid Waste Enterprise	N/A	N/A	N/A	N/A	N/A
Community Services	<b>141.00</b>	141.00	161.40	161.40	153.20
General Government	<b>78.66</b>	76.63	104.43	104.43	93.23
Human Services	<b>379.61</b>	380.11	358.01	358.01	364.60
Support Services	<b>74.70</b>	74.70	73.90	73.90	75.90
Public Safety	<b>304.50</b>	303.50	288.60	288.60	236.10
Solid Waste	<b>62.43</b>	62.43	65.48	65.48	64.75
<b>Total Full-Time Equivalents</b>	<b><u>1,040.89</u></b>	<u>1,038.36</u>	<u>1,051.82</u>	<u>1,051.82</u>	<u>987.78</u>

**Notes to the Schedule:**

Source: County Finance and Administrative Services Department

N/A - Orange County changed to Functional Leadership Teams in fiscal year 2015-16.

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.

2017	2016	2015	2014	2013
N/A	N/A	101.75	96.15	91.95
N/A	N/A	86.03	78.50	61.10
N/A	N/A	95.20	89.40	92.50
N/A	N/A	297.86	312.48	293.43
N/A	N/A	265.28	262.90	263.68
N/A	N/A	29.53	33.00	35.15
N/A	N/A	62.28	60.25	58.20
145.00	132.80	N/A	N/A	N/A
98.83	100.43	N/A	N/A	N/A
356.23	341.76	N/A	N/A	N/A
77.10	74.30	N/A	N/A	N/A
285.98	269.58	N/A	N/A	N/A
65.85	62.65	N/A	N/A	N/A
<u>1,028.99</u>	<u>981.52</u>	<u>937.93</u>	<u>932.68</u>	<u>896.01</u>

## ORANGE COUNTY, NORTH CAROLINA

### Operating Indicators by Function Last Ten Fiscal Years

Function/Program	2022	2021	2020	2019
Governing and Management:				
Number of animals sheltered	2136	2113	2,051	3,058
Number of rabies investigations	117	77	90	112
Employment applications received	5037	4234	5,310	6,793
General Services:				
Incoming Calls to Technology Help Desk	12,021	10,159	9,901	10,351
Real Estate documents processed	23,644	27,110	20,138	16,357
Vital records recorded and issued	25,470	21,502	22,255	2,339
Community and Environment:				
Building permits issued	981	1,055	937	1,045
Building, plumbing, mechanical, and electrical inspections completed	16,450	13,807	16,149	17,443
Human Services:				
Households receiving food stamps	6344	6140	N/A	N/A
Individuals receiving food stamps	11823	11058	14,459	14,478
Number of Medicaid cases	19130		13,597	12,033
Number of families receiving daycare subsidies	625	715	667	792
Total number of dental patient visits	6002	4445	6,927	7,215
Family planning clients served	522	792	646	772
Public Safety:				
Requests for EMS service	25926	21348	19,144	18,306
Number of fire inspections	1215	1181	1,147	511
Average number of non-federal inmates per month	49	37	57	75
Culture and Recreation:				
Library materials circulated at the Orange County Library	399,680	195,771	353,766	434,993
Number of reference volumes at the Orange County Library	2127	2102	2,131	2,725
Education:				
Average daily membership (NCDPI planning numbers)	20461	19491	20,409	20,398
County current expense appropriation per pupil (\$)	\$ 4,367	\$ 4,365	\$ 4,352	\$ 4,165

**Notes to the Schedule:**

Source: Orange County Finance and Administrative Services Department

2018	2017	2016	2015	2014	2013
2,966	2,934	3,162	3,246	3,258	3,495
121	72	86	232	186	101
6,453	7,519	8,891	6,703	7,980	9,256
10,842	10,696	12,416	11,825	11,020	9,086
18,740	20,558	19,969	19,214	19,672	25,904
20,945	22,164	20,297	18,909	17,988	18,308
986	891	890	815	666	635
18,477	16,616	17,000	14,900	10,688	10,648
N/A	N/A	N/A	N/A	6,634	6,504
9,880	11,492	10,640	11,793	N/A	N/A
13,066	12,867	12,496	12,960	13,575	10,028
721	750	710	685	700	741
6,840	6,924	6,949	6,131	5,279	4,747
829	1,026	1,032	1,812	1,317	1,104
17,227	16,908	16,607	13,810	12,554	13,132
350	366	308	400	379	272
75	76	76	173	170	180
463,348	427,632	450,372	442,367	422,265	444,261
2,813	2,672	2,897	2,240	2,697	3,161
20,232	19,959	20,040	20,202	20,051	19,757
\$ 3,991	\$ 3,868	\$ 3,698	\$ 3,571	\$ 3,269	\$ 3,167

## ORANGE COUNTY, NORTH CAROLINA

### Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	2022	2021	2020	2019
Human Services:				
Public health occupied square footage	31,433	31,433	31,433	31,433
Social services occupied square footage	47,232	47,232	55,437	55,437
Cooperative extension occupied square footage	2,057	2,057	5,198	5,198
Number of centers	15	15	15	15
Public Safety:				
Number of law enforcement vehicles	147	153	143	143
Number of emergency services vehicles	40	45	39	39
Number of animal control vehicles	8	8	7	7
Detention capacity	140	129	129	129
Cultural and Recreational:				
Libraries - branches	2	2	3	3
Volume of library books	108,375	107,556	112,054	112,054
Education:				
Number of schools	33	33	30	30

**Notes to the Schedule:**

Source: Orange County Finance and Administrative Services Department.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
31,433	31,433	31,433	31,433	30,027	33,638
55,437	55,437	55,437	55,437	55,430	59,825
5,198	5,198	5,198	5,198	4,968	4,986
15	15	15	14	13	13
152	143	143	146	153	141
39	34	34	34	32	31
6	6	6	6	6	6
129	129	129	129	129	129
3	3	3	3	3	3
111,682	114,580	114,580	111,421	103,259	100,843
30	30	30	30	30	29

## **COMPLIANCE SECTION**

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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### Members of the Board of Commissioners Orange County, North Carolina

We have audited, 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 (*Government Auditing Standards*), the 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 11, 2023. Our report includes a reference to other auditors who audited the financial statements of the Orange County ABC Board, as described in our report on Orange County's financial statements. The financial statements of the Orange County ABC Board were not audited in accordance with *Government Auditing Standards*.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003 and 2022-004, that we consider to be material weaknesses.

#### **Report on Compliance and Other Matters**

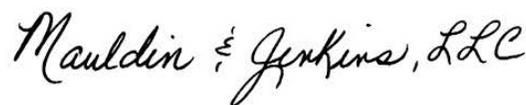
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Orange County, North Carolina's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Raleigh, North Carolina  
January 11, 2023



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF THE OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

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To Members of the Board of Commissioners  
Orange County, North Carolina

### Report on Compliance for the Each Major Federal Program

#### *Opinion on the Major Federal Program*

We have audited **Orange County, North Carolina's** (the "County") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2022.

#### *Basis for Opinion on the Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

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### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of County's internal control over compliance. Accordingly, no such opinion is expressed.

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-005 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Raleigh, North Carolina  
January 11, 2023



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF THE OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

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To Members of the Board of Commissioners  
Orange County, North Carolina

### Report on Compliance for Each Major State Program

#### *Opinion on the Each Major State Program*

### Report on Compliance for Each Major State Program

We have audited **Orange County, North Carolina's** (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major state programs for the year ended June 30, 2022. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2022.

#### *Basis for Opinion on the Major State Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for the major state program.

Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

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### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's state programs.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of County's internal control over compliance. Accordingly, no such opinion is expressed.

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-005 and 2022-006 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Raleigh, North Carolina  
January 11, 2023

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Program Title	State/ Pass-Grantor's Number	Federal Assistance Listing Number	Federal Expenditures	State Expenditures	Local Expenditures	Provided to Subrecipient
<b>Federal Awards:</b>						
<b>U. S. Department of Agriculture:</b>						
<u>Direct Programs:</u>						
<u>Natural Resources Conservation Service:</u>						
Soil And Water Conservation	None	10.902	\$ 30,633	\$ -	\$ 401,772	\$ -
<u>Division of Social Services:</u>						
<u>Supplemental Nutrition Assistance Program Cluster:</u>						
SNAP Administration	DMAR016-76	10.561	1,215,894	-	1,215,894	-
SNAP Fraud Administration	DMAR016-76	10.561	23,200	-	23,200	-
SNAP E&T and Dependent Care	DMAR016-76	10.561	623,752	-	623,752	-
FNS ARPA FUNDS	DMAR016-76	10.561	65,912	-	-	-
FNS CAA FUNDS	DMAR016-76	10.561	24,208	-	-	-
<b>Total Supplemental Nutrition Assistance Program Cluster</b>			<b>1,952,966</b>	<b>-</b>	<b>1,862,846</b>	<b>-</b>
<b>Total U. S. Department of Agriculture</b>			<b>1,983,599</b>	<b>-</b>	<b>2,264,618</b>	<b>-</b>
<u>Institute of Museum and Library Services:</u>						
Passed-Through State Library of NC						
Library Services & Technology Act (LSTA)	None	45.310	81,336	-	-	-
<b>Total Institute of Museum and Library Services</b>			<b>81,336</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>U. S. Department of Housing and Urban Development:</b>						
<u>Direct Programs:</u>						
<u>Office of Fair Housing and Equal Opportunity</u>						
Cooperative Fair Housing Assistance Program	None	14.401	14,146	-	-	-
<u>Office of Community Planning and Development:</u>						
Emergency Solutions Grant Program	None	14.231	2,984	-	-	-
Home Investment Partnership Program	None	14.239	126,972	-	355,550	-
Continuum of Care Program	None	14.267	109,037	-	25,683	-
<u>Housing Voucher Cluster:</u>						
Housing Choice Vouchers	NC104	14.871	4,862,762	-	159,626	-
<b>Total Housing Voucher Cluster</b>			<b>4,862,762</b>	<b>-</b>	<b>159,626</b>	<b>-</b>
<b>Total U. S. Department of Housing and Urban Development</b>			<b>5,115,901</b>	<b>-</b>	<b>540,859</b>	<b>-</b>
<b>U. S. Department of Justice:</b>						
<u>Workforce Innovation and Opportunity Act:</u>						
Workforce Innovation and Opportunity Act (WIOA)	None	17.259	362,707	-	30,932	-
<b>Total Workforce Investment Act Cluster</b>			<b>362,707</b>	<b>-</b>	<b>30,932</b>	<b>-</b>
<b>Total U. S. Department of Justice</b>			<b>362,707</b>	<b>-</b>	<b>30,932</b>	<b>-</b>
<b>U. S. Department of Transportation:</b>						
<u>Direct Programs:</u>						
<u>Federal Transit Administration</u>						
Urbanized Area Formula Program; Section 5307	49358.9.1.1	20.507	189,319	-	-	-
Passed-Through NC Department of Transportation						
State and Community Highway Safety	22021.6.4/5	20.600	24,951	-	-	-
Passed-Through City of Durham						
Enhanced Mobility of Seniors and Individuals with Disabilities	None	20.513	67,619	-	-	-
<b>Total U. S. Department of Transportation</b>			<b>281,889</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>U. S. Department of Health and Human Services:</b>						
Passed-Through N. C. Department of Health and Human Services Regional Office						
<u>Administration for Community Living:</u>						
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	DAAS 19-09 FY22	93.043	9,062	533	-	-
National Family Caregiver Support, Title III, Part E	DAAS 12-07 FY22	93.052	63,626	4,242	-	-
<u>Aging Cluster:</u>						
Nutrition Services Incentive Program	DAAS-734 FY 2022	93.053	22,473	-	-	-
HCCBG - Access	DAAS-735 FY 2022	93.044	109,007	379,797	-	-
HCCBG - Congregate Meals	DAAS-735 FY 2022	93.045	103,602	82,610	-	-
Social Services Block Grant	DAAS-735/734/12-07/19-09 FY 2022	93.667	31,802	909	-	-
<b>Total Aging Cluster</b>			<b>339,572</b>	<b>468,091</b>	<b>-</b>	<b>-</b>
<u>Centers for Medicare and Medicaid Services</u>						
Passed through NC Department of Health and Human Services						
<u>Division of Medical Assistance:</u>						
<u>Medicaid Cluster:</u>						
Adult Care Home Case Management	DMAR016-76	93.778	39,870	10,951	28,919	-
MAC	DMAR016-76	93.778	50,570	-	50,570	-
Medical Assistance - Administration	DMAR016-76	93.778	2,427,228	-	821,230	-
State County Special Assistance	DMAR016-76	93.778	25,058	-	25,058	-
Medical Transport Admin	DMAR016-76	93.778	29,346	-	10,884	-
<b>Total Medicaid Cluster</b>			<b>2,572,072</b>	<b>10,951</b>	<b>936,661</b>	<b>-</b>
<u>Division of Public Health:</u>						
Public Health Emergency Preparedness	12642680EO/12642680ER	93.069	38,836	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	14602720NF	93.116	50	-	-	-
Immunization Cooperation Agreements	1331631CEJ	93.268	24,370	-	-	-
Immunization Cooperation Agreements - COVID-19	13316315LD	93.268	220,952	-	-	-
Refugee and Entrant Assistance Targeted Assistance Grants	1370810068	93.566	2,280	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1175878AH/117588	93.323	610,545	-	-	-
	3AP5/1332892AL5					
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - COVID-19	1175870AWT	93.323	9,645	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	13203100D7/1320310ED	93.898	6,825	-	-	-
HIV Prevention Activities Health Department Based	13114300HV	93.940	31,000	-	-	-
Family Planning Services	13A15900FP	93.217	87,836	-	-	-
Maternal and Child Health Services Block Grant	12715318AR/12715351A	93.994	101,609	12,804	-	-
Preventive Health and Health Services Block Grant	12615503PH	93.991	30,607	-	-	-
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises - COVID-19	11617955LZ	93.391	6,865	-	-	-
Speech and Hearing (AA324)	1332539099	93.778	59,114	-	-	-
Preventive Health Services-Sexually Transmitted Diseases Control Grants	13114631NB	93.977	100	-	-	-
Temporary Assistance for Needy Families	13A15151T2	93.558	10,194	-	-	-
<b>Total Division of Public Health</b>			<b>1,240,828</b>	<b>12,804</b>	<b>-</b>	<b>-</b>

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Program Title	State/ Pass-Grantor's Number	Federal Assistance Listing Number	Federal Expenditures	State Expenditures	Local Expenditures	Provided to Subrecipient
<b>Federal Awards (Continued):</b>						
<b>U. S. Department of Health and Human Services (Continued):</b>						
Passed-Through N. C. Department of Health and Human Services Regional Office						
Administration of Children and Families						
<u>Division of Social Services:</u>						
Child Care Development Fund-Administration	DMAR016-76	93.596	\$ 244,288	\$ -	\$ -	\$ -
<u>Social Services Block Grant</u>						
Social Services Block Grant	DMAR016-76	93.667	369,282	-	123,087	-
Social Services Block Grant - In Home Services	DMAR016-76	93.667	91,461	-	13,066	-
Social Services Block Grant - In Home Services over 60	DMAR016-76	93.667	30,379	-	4,340	-
	DMAR016-76	93.667	-	-	-	-
Social Services Block Grant - Adult Protective Services	DMAR016-76	93.667	6,088	-	-	-
Social Services Block Grant - Adult Daycare over 60	DMAR016-76	93.667	3,187	2,704	842	-
CPS TANF to SSBG	DMAR016-76	93.667	61,294	-	-	-
<b>Total Social Services Block Grant</b>			<b>805,959</b>	<b>2,704</b>	<b>141,334</b>	<b>-</b>
<u>Temporary Assistance for Needy Families Cluster:</u>						
<u>Administration:</u>						
TANF- Work First Admin	DMAR016-76	93.558	205,578	-	352,341	-
TANF- Work First Service	DMAR016-76	93.558	796,548	-	1,249,359	-
TANF- Special Children Adoption	DMAR016-76	93.558	28,435	-	-	-
Pandemic Emergency Assistance Fund	DMAR016-76	93.558	56,000	-	-	-
<u>Direct Benefit Payments:</u>						
TANF- Payments & Penalties	DMAR016-76	93.558	196,203	-	1,562	-
<b>Total Temporary Assistance for Needy Families Cluster</b>			<b>1,282,764</b>	<b>-</b>	<b>1,603,262</b>	<b>-</b>
<u>Foster Care and Adoption Cluster (Note 4):</u>						
<u>Administration:</u>						
IV-E CPS		93.658	209,528	97,612	111,916	-
IV-E Foster Care Trn		93.658	9,645	-	3,215	-
IV-E Foster Care/ Off Trn		93.658	703,372	-	703,372	-
IV-E Adoption Training		93.659	505	-	168	-
IV-E Adoption /Off Trn		93.659	22,450	-	22,449	-
IV-E Optional Adoption Trn 5		93.659	12,037	-	12,037	-
<u>Direct Benefit Payments:</u>						
IV-E Adopt & Vendor		93.659	918,941	172,879	154,966	-
IV-E Admin County Paid to CCI		93.658	4,873	2,436	2,436	-
		93.658	261,642	-	8,478	-
IV-E Foster Care & Extend Max		93.658	18,769	3,336	3,336	-
IV-E Foster Care & Extend Reg		93.658	121,921	27,971	15,269	-
<b>Total Foster Care and Adoption Cluster</b>			<b>2,283,683</b>	<b>304,234</b>	<b>1,037,642</b>	<b>-</b>
IV-D Administration		93.563	1,376,319	-	709,012	-
IV-D Offset Fees - Esc		93.563	7	-	4	-
IV-D Offset Fees - Federal		93.563	3,028	-	1,560	-
Family Preservation		93.566	32,302	-	-	-
Community Based Respite Serv -Admin		93.566	103,558	-	-	-
Refugee Assistance Payment		93.566	1,991	-	-	-
Refugee Assistance Admin		93.566	15	-	-	-
Crisis Intervention Payments		93.558	339,032	-	-	-
Low Income Home Energy Administration		93.558	65,887	-	-	-
Low Income Home Energy Assistance		93.558	361,094	-	-	-
Low Income Home Energy Assistance - ARPA		93.558	673,222	-	-	-
Low Income Home Energy Administration - ARPA		93.558	86,120	-	-	-
Low Income Household Water Assistance Program - ADM		93.558	32,808	-	-	-
Low Income Household Water Assistance Program - CAA		93.558	175,398	-	-	-
Permanency Planning - Service & Admin		93.645	40,381	-	13,460	-
LINKS		93.674	13,350	3,338	-	-
Independent Living - LINKS		93.674	3,755	-	-	-
NC Health Choice		93.767	85,464	2,068	17,119	-
<b>Total Division of Social Services</b>			<b>3,393,731</b>	<b>5,406</b>	<b>741,155</b>	<b>-</b>
<b>Total U.S. Department of Health and Human Services</b>			<b>11,918,609</b>	<b>804,190</b>	<b>4,460,054</b>	<b>-</b>
<b>U. S. Department of Homeland Security:</b>						
Passed-Through N. C. Department of Public Safety						
Division of Emergency Management						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)		97.036	351,201	117,607	-	-
Emergency Management Performance Grant		97.042	10,183	-	-	-
<b>Total U.S. Department of Homeland Security</b>			<b>361,384</b>	<b>117,607</b>	<b>-</b>	<b>-</b>
<b>U. S. Department of Treasury:</b>						
American Rescue Plan Act		21.027	5,708,508	-	-	-
Coronavirus Relief Fund		21.019	166,600	-	-	-
Passed-Through N. C. Department of Public Safety - Division of Emergency Mang.		21.019	1,615,080	-	-	-
Passed through NC Dept. of Health and Human Services		21.019	25,382	-	-	-
Passed through NC Dept. of Health and Human Services		21.019	449,435	-	-	-
Passed through Town of Carrboro		21.019	613,899	-	-	-
Passed through Town of Chapel Hill		21.019	12,631	-	-	-
Passed through U.S Dept. of Housing and Urban Development		21.019	452,980	-	-	-
<b>Total U.S. Department of Treasury</b>			<b>9,044,515</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Federal awards</b>			<b>29,149,940</b>	<b>921,797</b>	<b>7,296,464</b>	<b>-</b>
<b>State Awards:</b>						
<b>N. C. Department of Health and Human Services:</b>						
<u>Division of Social Services:</u>						
<u>Direct Benefit Payments:</u>						
CWS Adopt Subsidy & Vendor			-	125,387	38,975	-
F/C at risk maximization			-	2,750	978	-
Extended FC/Max Non IV-E			-	42,874	-	-
CSE DISASTER NNON-REIMB			-	-	3,005	-
LINKS/CHAFFE/INR-LINKS			-	-	39,518	-
IV-B EFT CHAF INDEP LIV			-	251,733	-	-
State Child Welfare/CPS/CS LD			-	183,701	-	-
SFHF Maximization			-	11,609	11,609	-
DCD Smart Start			-	(1,170)	-	-
State Foster Home			-	70,203	65,784	-
State/County Special Assistance Domiciliary Care Payment			-	373,298	373,298	-
Work First Non Reimbursable			-	-	600,056	-
County Funded Programs			-	-	4,518,332	-
Non Allocated County Cost			-	-	477,796	-
<b>Total Division of Social Services</b>			<b>-</b>	<b>1,060,385</b>	<b>6,129,351</b>	<b>-</b>

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Program Title	State/ Pass-Grantor's Number	Federal Assistance Listing Number	Federal Expenditures	State Expenditures	Local Expenditures	Provided to Subrecipient
<b>State Awards (Continued):</b>						
<b><u>N. C. Department of Health and Human Services (Continued):</u></b>						
<u>Division of Mental Health:</u>						
Covid Recovery Support			\$ -	\$ 228,495	\$ -	\$ -
<u>Division of Public Health:</u>						
<u>Other Receipts / State Supported Expenditures</u>						
Food and Lodging Fees			-	28,923	-	-
General Communicable Disease Control			-	3,708	-	-
Aid-to-Counties (PH Capacity Building)			-	105,921	-	-
Breast and Cervical Cancer Program			-	4,875	-	-
Child Health			-	1,815	-	-
Healthy Community Activities			-	3,747	-	-
Family Planning - State			-	57,534	-	-
Maternal Health - State			-	24,955	-	-
Women's Health Service Fund			-	16,122	-	-
Sexually Transmitted Diseases			-	3,444	-	-
TPPI-Adolescent Parenting Program			-	65,580	-	-
Tuberculosis Control			-	14,771	-	-
HMHC-Family Planning			-	8,830	-	-
Total Division of Public Health			-	340,225	-	-
<b>Total N. C. Department of Health and Human Services</b>			-	<b>1,629,105</b>	<b>6,129,351</b>	-
<b><u>N.C. Department of Transportation:</u></b>						
<u>Rural Operating Assistance Program</u>						
ROAP - RGP		WBS 36228.22.10.1	-	76,298	-	-
ROAP - EDTAP		WBS 36220.10.10.1	-	88,344	-	-
ROAP - EMPLOYMENT		WBS 36236.11.9.1	-	33,203	-	-
<b>Total N. C. Department of Natural and Cultural Resources</b>			-	<b>197,845</b>	-	-
<b><u>N. C. Department of Natural and Cultural Resources:</u></b>						
State Arts Grant			-	37,302	-	-
State Historic Preservation Office Historic Resources Grant (CLG)			-	7,215	-	-
<u>Division of State Library:</u>						
Library State Aid			-	104,390	-	-
State Aid to Public Libraries			-	148,907	-	-
<b>Total N. C. Department of Natural and Cultural Resources</b>			-	<b>148,907</b>	-	-
<b><u>N. C. Department of Public Safety</u></b>						
Juvenile Crime Prevention Council			-	342,125	100,070	-
Local Reentry Council Grant		GS143B-604	-	165,271	-	-
Safe Roads Act		SL1983-435	-	9,857	-	-
<b>Total N. C. Department of Crime Control and Public Safety</b>			-	<b>517,253</b>	<b>100,070</b>	-
<b><u>N. C. Housing Trust Fund</u></b>						
<u>Passed-through North Carolina Housing Finance Agency</u>						
Urgent Repair Grant			-	50,000	45,990	-
Single Family Housing Rehabilitation			-	38,641	1,958	-
<b>Total N.C. Housing Trust Fund</b>			-	<b>88,641</b>	<b>47,948</b>	-
<b><u>N. C. Department of Public Instruction:</u></b>						
Public School Capital Building Fund - Lottery Proceeds			-	1,308,468	-	-
<b><u>N.C. Department of Insurance</u></b>						
SHIIP Funds			-	754	-	-
<b>Total State awards</b>			-	<b>3,890,974</b>	<b>6,277,369</b>	-
<b>Total Federal and State Awards</b>			<b>\$ 29,149,940</b>	<b>\$ 4,812,770</b>	<b>\$ 13,573,833</b>	<b>\$ -</b>

# ORANGE COUNTY, NORTH CAROLINA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2022

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### **Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards ("SEFSA") includes the federal and State grant activity of the Orange County, North Carolina (the "County") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements* ("Uniform Guidance") for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County. Direct benefit payments are paid directly to recipients and are not included in the County's basic financial statements.

### **Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance.

### **Note 3: Cluster of Programs**

The following are clustered by the N.C. Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, and Aging.

### **Note 4: Benefit Payments Issued by the State**

NC FAST Food & Nutritional Service	\$	32,733,172
Women, Infants and Children		1,150,882
Health Choice		1,915,563
Medicaid		43,326,507

**ORANGE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

---

**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major state programs:  
 Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for major federal programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medicaid Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.871	Section 8 Housing Choice Vouchers
93.563	Child Support Enforcement
93.558	Temporary Assistance for Needy Families
93.659	Adoption Assistance – Title IV-E

Dollar threshold used to distinguish between type A and type B programs: \$874,498

Auditee qualified as low-risk auditee? No

# ORANGE COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

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### SECTION I

#### SUMMARY OF AUDIT RESULTS (CONTINUED)

##### State Awards

Internal control over major state programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for  
major state programs?

Unmodified

Any audit findings disclosed that are required to be reported in  
accordance with the State Single Audit Implementation Act?

Yes  No

Identification of major State program:

##### Program Name

Public School Building Capital Fund

State/County Special Assistance

Other major state programs include Medical Assistance Program (Medicaid) and Adoption Assistance which have a state match on the federal program. Therefore, these programs have been included in the major programs above.

**ORANGE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2022-001 Revenue Recognition**

**Criteria:** Internal controls should be in place to ensure that amounts reported as revenues and related accounts are appropriate, properly valued, and recorded in the proper period in accordance with generally accepted accounting principles.

**Condition:** Internal controls were not sufficient to detect material misstatements in the reporting of the County's revenues and related balances.

**Context/Cause:** During our audit for the year ended June 30, 2022, an audit adjustment in the amount of \$1,385,979 was required to correct the revenue and accounts receivable balances in the COVID-19 Relief special revenue fund. The County had overstated current period grant revenues for projects which had not been obligated by the Federal Emergency Management Agency as of June 30, 2022, and therefore did not meet applicable revenue recognition criteria as stipulated by GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Effects:** An audit adjustment of \$1,385,979 was needed to correct the County's revenue and related balances as of and for the year ended June 30, 2022. Additionally, a correction in the same amount was required to properly report federal expenditures on the County's schedule of expenditures of federal and state awards (SEFSA) for the period then ended.

**Recommendation:** We recommend the County carefully review all revenues and related receivable accounts to ensure they are reported in the proper reporting period and in accordance with generally accepted accounting principles.

**Auditee's Response:** We will take necessary steps in the future to the financial statements properly present the financial position and results of the County, in accordance with generally accepted accounting principles.

**ORANGE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

**2022-002 Financial Close and Maintenance of General Ledger Accounts**

**Criteria:** Internal controls should be in place to ensure that financial statements properly present the financial position and results of the County in accordance with generally accepted accounting principles.

**Condition:** The County's reviews and manual adjustments were not sufficient to prevent, or detect and correct, material misstatements in the County's financial statements submitted for audit. The nature and magnitude of these misstatements are discussed below.

**Context/Cause:** During our audit for the year ended June 30, 2022, material audit adjustments were required to correct current year balances in several of the County's funds:

- An adjustment of \$158,431 was made to the Solid Waste Landfill fund to correct the landfill post-closure liability reported by the County to agree to the third-party engineer reports.
- Adjustments of \$37,624 and \$22,607 were required to the Solid Waste Landfill fund and SportsPlex fund, respectively, to record amortization of premiums related to outstanding long-term debt. Current period amortization had not been recorded by the County for these items.
- An adjustment of \$429,766 was made to the County's General Fund to correct beginning fund balance to agree to the prior year audited financial statements. The County had improperly combined beginning net position of the OPEB Trust Fund with the beginning balance of the County's General Fund.
- An adjustment of \$101,340 was made to the SportsPlex Fund to record prior year audit entries missed in error during the fiscal year 2021 close-out process, thus causing a misstatement in the fund's opening net position.

**Effects:** Audit adjustments totaling approximately \$750,000 were needed to correct the above accounts in the County's general ledger as of and for the year ended June 30, 2022.

**Recommendation:** Each month management should review the opening equity balances to ensure there are no transactions improperly adjusting the opening balances of fund balance or net position. Additionally, management should be reconciling the balance sheet, each month, to the subsidiary ledgers in order to timely address variances in the account balance which are outside of expectations.

**Auditee's Response:** We will take necessary steps in the future so the financial statements properly present the financial position and results of the County, in accordance with generally accepted accounting principles.

**ORANGE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

**2022-003 Reporting of Capital Assets and Related Balances**

**Criteria:** Internal controls should be in place to ensure that the County's capital assets and related balances are properly reported in accordance with generally accepted accounting principles.

**Condition:** During our audit procedures, material misstatements were noted in the County's capital asset balances that required audit adjustments. The nature and magnitude of these misstatements is discussed further below.

**Context/Cause:** During our audit for the year ended June 30, 2022, audit adjustments were required to adjust capital assets and related balances. The County improperly expensed \$1,127,135 in the Solid Waste Landfill fund that should have been capitalized and reported as construction-in-progress (CIP). The expenses were recorded in the capital project fund for the solid waste landfill and the County was planning to capitalize the items in the subsequent fiscal year; however, as the expenses were incurred during the fiscal year ended June 30, 2022, generally accepted accounting principles require that these items be reported as CIP at year-end.

**Effects:** Audit adjustments totaling approximately \$1.1 million were needed to correct the capital asset and related balances of the Solid Waste Landfill fund as of June 30, 2022.

**Recommendation:** Management of the County needs to review its processes and internal controls related to the reporting of capital assets. We recommend the County implement monthly reviews of all capital outlay and other project related general ledger accounts to ensure that all capital activity is properly identified, classified, and capitalized. We recommend these reviews occur monthly to minimize the amount of work that is required at year-end to prepare capital asset schedules and subsidiary listings for the annual audit.

**Auditee's Response:** We concur with the finding and are currently implementing controls to ensure these year-end adjustments are considered and reflected in the general ledger, as appropriate.

**ORANGE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

**2022-004    Restatement of Prior Year Balances**

**Criteria:** Internal controls should be in place to ensure that financial statements properly present the financial position and results of the County in accordance with generally accepted accounting principles.

**Condition:** Internal controls were not sufficient to timely detect material misstatements in the County's financial statements for the year ended June 30, 2021.

**Context/Cause:** During our audit for the year ended June 30, 2022, material misstatements in the opening balances of the County were identified and thus audit adjustments were required as follows:

- A reclassification of debt between the SportsPlex fund and governmental activities resulted in a restatement of \$647,950 to the SportsPlex fund and business-type activities and \$667,950 to governmental activities. This reclassification was necessary to properly report the various opinion units' correct allocation of limited obligation bonds that the County issued in previous years.
- An error in the recording of amortization of the County's premiums related to long-term debt reported in governmental activities resulted in a restatement of \$1,002,967.
- An overstatement in prior year construction in progress (CIP) resulted in an adjustment of \$1,386,844 to correct beginning CIP balances of the County.

**Effects:** As a result of the issues identified above, material audit adjustments were required to correct previously reported balances of the County. Restatements to beginning balances of the County totaled approximately \$3.1 million.

**Recommendation:** We recommend the County carefully review the financial statements and the applicable reporting requirements under GAAP to ensure that all information and financial data is properly reported.

**Auditee's Response:** We concur with the finding and have taken steps to more carefully align applicable reporting requirements with presentation in the financial statements in accordance with GAAP.

# ORANGE COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

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### SECTION III

#### FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**2022-005      Significant Deficiency over Activities Allowed and Unallowed and Allowable Costs/Cost Principles**

**Information on the federal programs:** Medicaid Cluster (Medicaid), Assistance Listing Number 93.778, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services (NCDHHS), Division of Medical Assistance.

Temporary Assistance for Needy Families Cluster (TANF), Assistance Listing Number 93.558, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services (NCDHHS), Division of Social Services

Adoption Cluster (Adoption), Assistance Listing Number 93.659, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services (NCDHHS), Division of Social Services and direct benefit payments

**Criteria:** Per the NCDHHS policy manual, salaries, wages, and fringe benefits of Department of Social Service employees hired under the state merit system are allowable. Salaries shall be allocated to programs by time distribution methods and supported by payroll and attendance records for individuals.

**Condition:** Employee's time is tracked through the use of day sheets in which employees track their time by service code in 6-minute increments. Day sheets are used to complete weekly timesheets which are approved by supervisors. We noted two out of forty day sheets selected for Medicaid, eight out of forty day sheets selected for TANF, and one out of nine day sheets selected for Adoption had more program minutes than what was reported on the employee's approved time sheet.

**Context/Cause:** As the day sheets included more program time than was included on the employee's approved timesheet, the time spent on this program was understated during the 1571 monthly reimbursement request to the State. We noted the above condition in two out of forty day sheets selected for Medicaid, eight out of forty day sheets selected for TANF, and one out of nine day sheets selected for Adoption.

**Effects:** Inaccurate reporting of time coded to programs affects the total federal and state reimbursement for the program.

**Recommendation:** We recommend that the County implements a review control over weekly timesheets to ensure the timesheets include all program time coded on the daysheets.

**Auditee's Response:** We concur with the findings and are currently implementing controls to ensure the timesheets are appropriately reviewed.

**ORANGE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**SECTION IV**  
**STATE AWARD FINDINGS AND QUESTIONED COSTS**

**2022-006      Significant Deficiency over Activities Allowed and Unallowed and Allowable Costs/Cost Principles**

**Information on the federal programs:** State/County Special Assistance Domiciliary Care, N.C. Department of Health and Human Services (NCDHHS), Division of Social Services.

Medicaid Cluster (Medicaid), Assistance Listing Number 93.778, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services (NCDHHS), Division of Medical Assistance.

Adoption Cluster (Adoption), Assistance Listing Number 93.659, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services (NCDHHS), Division of Social Services and direct benefit payments

**Criteria:** Per the NCDHHS policy manual, salaries, wages, and fringe benefits of Department of Social Service employees hired under the state merit system are allowable. Salaries shall be allocated to programs by time distribution methods and supported by payroll and attendance records for individuals.

**Condition:** Employee's time is tracked through the use of day sheets in which employees track their time by service code in 6-minute increments. Day sheets are used to complete weekly timesheets which are approved by supervisors. We noted one out of eight day sheets selected had more program minutes than what was reported on the employee's approved time sheet.

**Context/Cause:** As the day sheets included more program time than was included on the employee's approved timesheet, the time spent on this program was understated during the 1571 monthly reimbursement request to the State. We noted the above condition in 1 out of 8 samples reviewed.

**Effects:** Inaccurate reporting of time coded to programs affects the total federal and state reimbursement for the program.

**Recommendation:** We recommend that the County implements a review control over weekly timesheets to ensure the timesheets include all program time coded on the daysheets.

**Auditee's Response:** We concur with the findings and are currently implementing controls to ensure the timesheets are appropriately reviewed.

# ORANGE COUNTY, NORTH CAROLINA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2022

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### 2021-001      **Nonmaterial noncompliance – Eligibility of MOE Cases**

**Criteria:** Only a financially needy family that consists of, at a minimum, a minor child living with a parent or other caretaker relative, or a pregnant woman may receive TANF “assistance” or most MOE-funded benefits. The minor child must be living in the home.

**Conditions:** In one case tested, the youngest member in the household was 26 years old. No child was in the home.

**Current Status:** Corrected

### 2021-002      **Material Weakness – Eligibility Second Party Reviews**

**Criteria:** Per the DSS Administrative Letter for Economic and Family Service 07-2018, Work First Program Second Party Review Checklists must be completed at application and recertification for no less than 25% of the monthly ongoing Work First cases. The protocol must outline the persons responsible for completing the reviews and the process for follow-up as required. If second party reviews identify a trend in deficiencies; the County process for providing necessary training must also be outlined.

**Conditions:** The County was not abiding by the State policy and procedures outlined above. Reviews were not taking place at the frequency level based on number of monthly active cases. The County only reviewed six cases during the 2021 fiscal year.

**Current Status:** Corrected

The following Corrective Action Plans are in response to the audit findings reported in the FY 2022 Compliance Audit.

**Finding 2022-001 Revenue Recognition**

Material audit adjustments totaling approximately \$1.4 million were required to correct current year revenues in the COVID-19 Relief special revenue fund. The County improperly reported revenues related to funds that have not yet been obligated by FEMA.

**Name of contact person:** Gary Donaldson, Chief Financial Officer

**Corrective Action Plan:** More careful review all revenue and related receivable will be implemented to ensure revenue are reported in the proper period and in accordance with generally accepted accounting principles. All of the auditor recommendations will be implemented.

**Proposed Completion Date:** Fiscal year 2023

**2022-002 Financial Close and Maintenance of General Ledger Accounts**

Material audit adjustments were required (1) in the Solid Waste Fund (approximately \$160,000) to correct the closure and post-closure liability in accordance with the 3rd party engineer reports; (2) in the Solid Waste and SportsPlex funds to correct bond premiums and related amortization (approximately \$38,000 and \$23,000, respectively); and (3) in the General Fund to correct beginning fund balance which incorrectly included the beginning balances related to the County's OPEB Trust Fund (approximately \$430,000).

**Name of contact person:** Gary Donaldson, Chief Financial Officer

**Corrective Action Plan:** More frequent balance sheet reviews and reconciliations of the General Ledger to subsidiary ledgers will be completed to ensure correction of material equity balance variances. All of the auditor recommendations will be implemented.

**Proposed Completion Date:** Fiscal year 2023

**2022-003 Reporting of Capital Assets and Related Balances**

Material audit adjustments were required to correct capital assets balances of the County, including (1) approximately \$101,000 in the SportsPlex Fund to record prior audit entries that were not recorded; and (2) approximately \$1.2 million in the Solid Waste Fund to record CIP that was improperly expensed and omitted from the County's capital asset balances as of June 30, 2022.

**Name of contact person:** Gary Donaldson, Chief Financial Officer

**Corrective Action Plan:** Capital assets schedules are being further revised to ensure that the schedules are properly identified and classified. Additional process improvements will include reviews with key stakeholders on a monthly basis to eliminate year-end reconciliations. All of the auditor recommendations will be implemented.

**Proposed Completion Date:** Fiscal year 2023

**2022-004      Restatement of Prior Year Balances**

Material audit adjustments were required to correct errors in the ending balances reported by the County in the June 30, 2021 financial statements as follows: (1) long-term debt balances were improperly allocated between the County's governmental activities and the SportsPlex Fund (approximately \$650,000); (2) CIP balances were incorrect due to projects remaining in CIP that had previously been moved to depreciable assets, CIP was improperly expensed when it should have been capitalized, and CIP that was capitalized should have been expensed (approximately \$1.4 million); and (3) amortization of the premiums related to the County's long-term debt was not properly calculated resulting in an overstatement of the net book value of the premiums (approximately \$1.0 million).

**Name of contact person:** Gary Donaldson, Chief Financial Officer

**Corrective Action Plan:**

More careful review of the financial statements are being completed to ensure that these adjustments are reflected in the general ledger. All of the auditor recommendations will be implemented.

**Proposed Completion Date:** Fiscal year 2023

**Finding 2022-005      Significant Deficiency over Activities Allowed and Unallowed and Allowable Costs/Cost Principles**

**Name of contact person:** Nancy Coston, Director of the Department of Social Services

**Corrective Action:** DSS concurs with the findings and are currently implementing controls to ensure the timesheets are appropriately reviewed. DSS has detailed the reconciliation process below.

**DSS Daysheets/Kronos Reconciliation Process**

**Employees** must enter their time into Daysheets by 5 pm on the following business day, unless special permission is obtained from the employee's supervisor. Employees are responsible for ensuring that the minutes/hours reported on the Daysheets agree to their time reported in Kronos. When they certify their time in the Daysheets program, they are certifying that they have reconciled their Daysheet time to the Kronos system.

On a weekly basis by Wednesday at noon, **Supervisors** must verify the Daysheet time reported for the prior week for each direct report and that it agrees to the Kronos recordkeeping reports for that period. Supervisors must keep records evidencing that this reconciliation has been completed. This documentation can be requested for review by the DSS Accounting staff and/or auditors at any time.

On a weekly basis by Thursday at noon, **Accounting unit staff** will verify the Daysheet time reported for the prior week for all department staff (required to complete a Daysheet) and that it agrees to the Kronos recordkeeping reports for the period. Accounting unit staff will utilize Kronos and Daysheet systems generated reports in the verification process. Supervisors and staff will be notified by email of any discrepancies and will have three business days to make corrections.

**Supervisors** are responsible for counseling employees whose time in Daysheets do not agree to Kronos or for those who do not enter time within required timeframes without supervisor approval.

On a monthly basis, according to the Daysheet Deadline Calendar provided by Accounting, each **supervisor** is responsible for approving the accuracy of the Daysheets in the Daysheets program. It is expected that the supervisor has properly reconciled the minutes and hours reported in the Daysheets to the Kronos system.

*Please note, in instances where Kronos time is rounded to the hundredth decimal, Daysheet time will not reconcile since it will result in partial minutes. In these instances, Daysheet minutes will be rounded up or down (i.e. 0.01-0.49 minutes will round down and 0.50-0.99 minutes will round up).*

**Proposed Completion Date:** February 1, 2023

**Finding 2022-006      Significant Deficiency over Activities Allowed and Unallowed and Allowable Costs/Cost Principles**

**Name of contact person:** Nancy Coston, Director of the Department of Social Services

**Corrective Action:** DSS concurs with the findings and are currently implementing controls to ensure the timesheets are appropriately reviewed. DSS has detailed the reconciliation process below.

**DSS Daysheets/Kronos Reconciliation Process**

**Employees** must enter their time into Daysheets by 5 pm on the following business day, unless special permission is obtained from the employee's supervisor. Employees are responsible for ensuring that the minutes/hours reported on the Daysheets agree to their time reported in Kronos. When they certify their time in the Daysheets program, they are certifying that they have reconciled their Daysheet time to the Kronos system.

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**Proposed Completion Date:** February 1, 2023