

2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2019



ORANGE COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

Prepared by:
Department of Finance & Administrative Services

Submitted by:
Gary Donaldson, CTP
Chief Financial Officer

ORANGE COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

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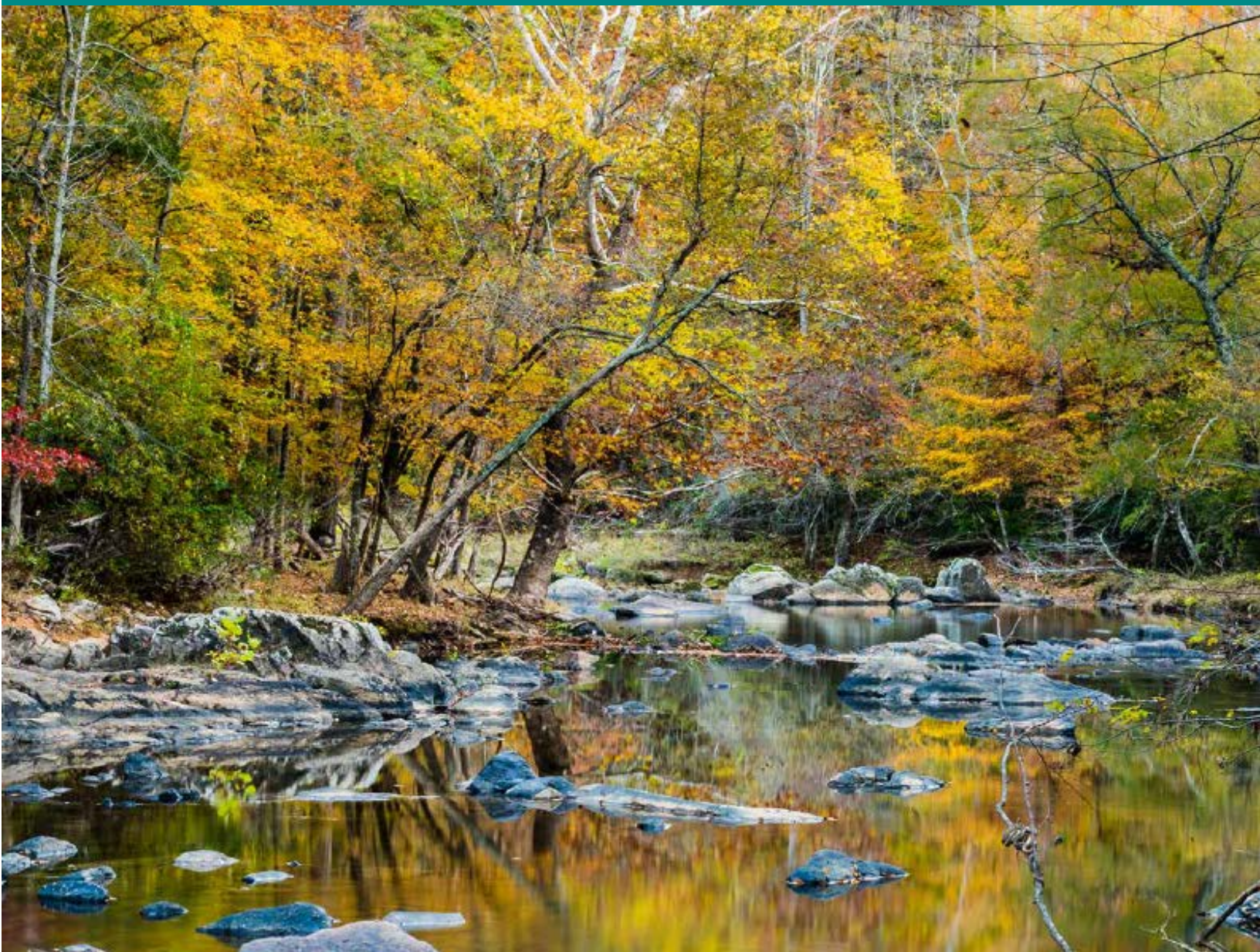
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INTRODUCTORY SECTION





ORANGE COUNTY

Department of Finance and Administrative Services

200 S. Cameron Street, PO Box 8181, Hillsborough, NC 27278 | Tel 919.245.2453 | Fax 919.644.3324

November 25, 2019

The Board of County Commissioners,
Bonnie Hammersley, County Manager
Residents of Orange County, North Carolina

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, I hereby issue the comprehensive annual financial report ("CAFR") of Orange County for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of Orange County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the County's internal control structure has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Mauldin & Jenkins, CPA, a firm of licensed certified public accountants. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. This opinion can be found at the beginning of the financial section of this document. In addition to the independent audit of the financial statements, the County is required to undergo an annual "Single Audit" designed to meet the special requirements of federal grantor agencies. Information regarding this audit can be obtained from the County's finance department.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of independent auditors.

COUNTY PROFILE

Orange County, founded in 1752, is located in the north-central portion of North Carolina, approximately midway between Washington, DC and Atlanta, GA. The County is part of the Raleigh/Durham/Chapel Hill Metropolitan Statistical Area, which also includes the Research Triangle Park, a major complex of research and research-oriented manufacturing facilities.

The County operates under a Commissioner-Manager form of government. The governing body of the County is the Board of County Commissioners, which formulates policies for the administration of the County. In addition, the Board annually adopts a balanced budget and establishes a tax rate for the support of the County's programs. The Board consists of seven commissioners, elected on a staggered basis for terms of four years. The County Manager is appointed by, and serves at the pleasure of the Board as the County's Chief Executive Officer. The County Manager has appointive and removal authority over department heads and employees of the County. The County Manager is responsible for the daily operations of the County Government. In addition, the Manager's responsibilities include implementation of policies established by the Board of Commissioners, as well as the administration of the annual budget adopted by the Board.

The County provides a wide range of services, including public safety, human services (Social Services, Health and Aging), and funds for education, cultural and recreational activities, general administration functions and others. This CAFR includes all funds and account groups of the County including all activities considered to be part of (controlled by or dependent on) the County. In the fiscal year ended June 30, 1995, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*. As a result, the Orange County ABC Board is reported as a discretely presented component unit of the County.

The budget serves as the foundation for Orange County's financial planning and control. As required by the North Carolina Budget and Fiscal Control Act, the County adopts an annual budget for all governmental funds except those authorized by project ordinance that are multi-year in nature. Appropriations to the various funds are formally budgeted on a functional basis. The County Manager is authorized to approve appropriation transfers within all functions. The County Commissioners must approve transfers that alter the total appropriation of any functional category or fund, including the multi-year project funds. However, for expenditure control purposes the budget is monitored and controlled on a departmental level.

FACTORS AFFECTING FINANCIAL CONDITION

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

professional, scientific, management, administrative and waste management services and arts, entertainment, recreation, accommodation and food services. The County's most common occupations, according to the Orange County Economic Development Commission, are management, professional and related occupations (54%), sales and office occupations (19.5%) and service occupations (16.4%). Manufacturing and agriculture are lesser portions of the County's economy.

The University of North Carolina at Chapel Hill and UNC Health Care System are the largest employers in the County. The University of North Carolina at Chapel Hill and UNC Health Care System and their associated service, teaching and research programs have a reputation for excellence in the educational and medical fields. The UNC Health Care System expanded its medical campus to the town of Hillsborough in 2015 and this complex includes 50 acute care beds, an 18-bed intensive care unit, six operating rooms, two procedure rooms, an emergency department and outpatient medical and surgical specialty services, including urgent care, imaging and oncology. An industrial strip adjacent to Interstate 85 in the western portion of the County is the location of several manufacturing firms. The County has designated over 2,450 acres in three strategically placed areas along Interstate 85 and 40 as Economic Development Districts. The County's location, midway between the Piedmont Triad and Research Triangle metropolitan areas, makes these sites extremely attractive. The districts offer development potential for light industrial, warehouse/flex space, office, retail and business service. Numerous tracts, ranging in size from 20 to 100 acres or more, are available.

The County is seeking to spur economic development by providing funds through the Article 46 Sales Tax to finance the development of utility extensions for commercial entities in its Economic Development Districts. The County uses the Article 46 Tax to provide a portion of the upfront water and sewer infrastructure costs for businesses locating in these districts. Recent economic development investments within the County include ABB, Medline, Morinaga, Piedmont Metal Works and Wegmans.

Fiscal Outlook

The adopted General Fund Budget for FY 2019-20 totals \$237.1 million which represents \$10.4 million or a 4.5% increase over the FY 2018-19 adopted budget. The County Budget includes a 1.75 cent increase in the property tax rate to fund increased debt service, education and county operating costs. The County tax rate is increased from \$0.8504 per \$100 of assessed valuation to \$0.8679 per \$100 of assessed valuation. The County tax base has increased by 2.1% to \$18.9 billion. This tax base increase coupled with the tax rate increase results in approximately 3.2% growth over the FY 2018-19 property tax revenue projection or an additional \$4.6 million in additional property tax revenues. The County budget maintains a goal of allocating 48.1% of General Fund revenues to Education spending. The budget increases per pupil expenditures by \$187.25 to \$4,352.25 per pupil, which has consistently been among the highest per pupil appropriations in the State. The FY 2019-20 appropriations represents 49.5% of total General Fund revenues. The budget appropriates \$3 million to fund school deferred maintenance. The fiscal year 2019-20 budget fully funds all positions of the County and provides a 2% across the board wage increase for all County employees effective July 1, 2019. Property tax revenues comprise \$165.1 million or 72% of General Fund revenues. Sales tax revenues comprise \$25.3 million or 11% of General Fund revenues. The remaining 17% of General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues. The revenue budget recognizes the loss of impact fee revenue that had been used to support debt service associated with new school capacity. The impact fee fund contained a residual balance of \$112,000 that is appropriated in the FY2019-20 Budget. The budget controls expenditure growth, focusing on funding the continuation needs of County departments and education, and reduces the reliance on fund balance for ongoing budget stabilization. The fund balance appropriation for FY 2019-20 is \$7.8 million as compared to \$8.8 million in FY 2018-19, \$9.7 million in FY 2017-18, and \$12.7 million in FY 2016-17. The reduced reliance on fund balance appropriation is consistent with the County's Long Range Financial Forecast objectives.

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 Article 46 sales tax revenue is budgeted at \$4 million for fiscal year 2019-20. The Article 46 sales tax revenue is budgeted at \$4,068,240 for FY 2019-20.

The County has an extensive ten-year Capital Investment Plan to provide public safety upgrades, school facilities, government facilities, affordable housing, parks and recreation, information technology, water and sewer in the Economic Development Districts, and various equipment purchases. Pursuant to a November 2016 bond referendum, the County will issue General Obligation bonds to fund its two school systems; the Chapel Hill-Carrboro City Schools and Orange County Schools improvements and affordable housing land banking projects. The bond referendum authorized \$120 million in School bonds and \$5 million in Affordable housing bonds. The County expects to complete its voter approved General Obligation debt issuances by fiscal year 2022. The remaining authorized and unissued General Obligation Bonds is \$37.1 million as of June 30, 2019.

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 at 16.5% of General Fund expenditures as of June 30, 2019 in conformance with the Board adopted policy. The County's required reserve by state statute adds to the available fund balance.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Orange County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This marks the nineteenth consecutive year that Orange County has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

The County also received the GFOA's award for Distinguished Budget Presentation for its 2019 annual budget document. This is the 28th 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 2019 budget continues to conform to program requirements and is submitting it to the GFOA to determine eligibility for another award.

Orange County departments and respective employees are deeply committed to the goals, vision and mission statement of the County government. This is evidenced by the high quality of service delivery to the residents of the County. I appreciate the collaborative nature of each County department in assisting in the preparation of this report and ongoing support in executing the daily financial activities of the Department of Finance and Administrative Services. I would like to extend my sincere gratitude to members of the Department of Finance and Administrative Services for their professionalism, hard work, and diligence in contributing to the preparation of this financial report. Special recognition is extended to Paul Laughton, Deputy Finance Director, Howard Fitts, Senior Accountant, Katina Perry, Financial Services Manager, Pascal Moore, Accountant, Chaz Offenburg, Budget Management Analyst, and our audit firm Mauldin & Jenkins, LLC.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary Donaldson", written in a cursive style.

Gary Donaldson, CTP
Chief Financial Officer

The County Economy

General Description

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

Source: [Orange County Economic Development](#)

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

Exhibit 1 indicates the historical population trend for the County. The North Carolina Budget and Management population metrics show that the County population has increased 3% the past five years

Exhibit 1:
Orange County Population

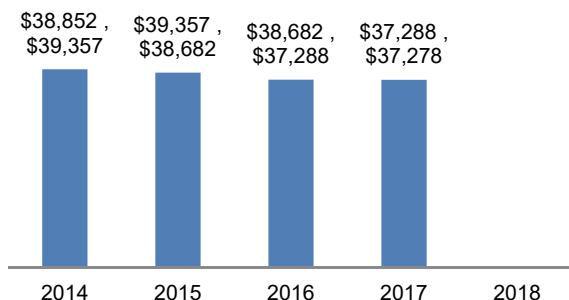
Year	Population
2014	140,185
2015	140,841
2016	142,364
2017	142,830
2018	144,372

Source: [North Carolina Office of Budget and Management](#)

General Economic Indicators

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

Exhibit 2:
Local Real GDP*
In millions

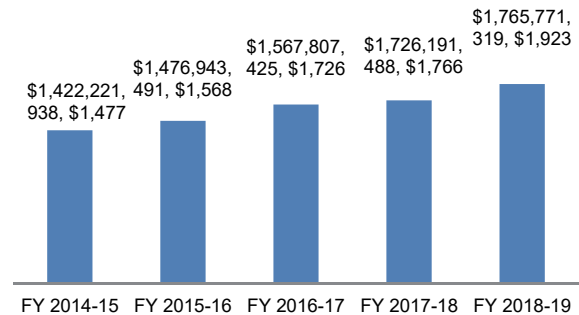


Source: [United States Bureau of Economic Analysis](#)

*The Real GDP of the Durham-Chapel Hill Metropolitan Statistical Area Millions of Chained dollars, 2018 data not available at time of publication.

Exhibit 3 indicates Gross Retail Sales which is a reliable indicator of consumer spending activity. Gross Retail Sales has increased 30% From Fiscal Years 2014-15 to 2018-19.

Exhibit 3:
Gross Retail Sales
In millions

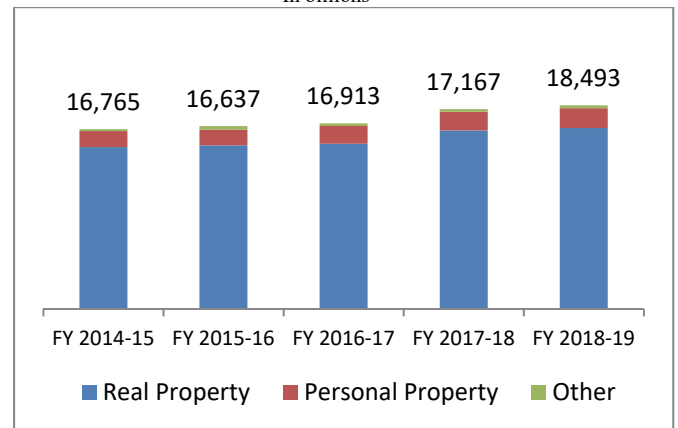


Source: [North Carolina Department of Revenue](#)

Tax Base

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

Exhibit 4:
Assessed Valuations
In billions



Source: [Orange County Comprehensive Annual Financial Report](#)

Exhibit 5 indicates the ten principal taxpayers which accounts for approximately 3.23% of totaled assessed valuation or \$602,830,208. The principal tax payers are of the following industries: Public Utility, Apartment Rental, Office/Retail, Banking, and Condominiums.

**Exhibit 5:
Principal Tax Payers**

Taxpayers	Industry	Assessed Valuation
Duke Energy Carolina LLC	Public utility	\$136,245,251
Chapel Hill Foundation Real Estate Holdings Inc	Apartments/ Retail	\$101,301,200
BIR Chapel Hill LLC	Apartments/ Retail	\$60,474,276
Piedmont Electric Membership	Public utility	\$57,505,550
Northwestern Mutual Life Insurance Co	Apartments rental	\$50,193,948
State Employees' Credit Union	Bank	\$47,142,644
Public Service Co of NC Inc	Public utility	\$40,135,700
East 54 Office Retail LLC	Office/Retail	\$37,002,485
Granville Towers LLC	Apartment rental	\$36,468,100
Chapel Hill at the Pointe Villager LLC	Apartment rental	\$36,361,054
Total	-	\$602,830,208
Percentage of County Assessed Valuation	-	3.23%

Source: [Orange County Tax Assessor](#).

Employment and the Economy

Demographics

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

Exhibit 6 indicates the economic and employment diversity in the County. The County's predominant occupations are in educational services, healthcare and social assistance, and retail trade sectors. Industry sectors such as Agriculture, Utilities, and Management of Companies and Enterprises comprise small portions of the Orange County Industry Structure.

**Exhibit 6:
Industry Structure**

Industry	Employment
Educational Services	20,617
Health Care and Social Assistance	17,457
Retail Trade	6,732
Accommodation and Food Services	6,419
Professional and Technical Services	3,239
Public Administration	2,668
Other Services, Ex. Public Administration	2,396
Construction	1,809
Manufacturing	1,658
Administrative and Waste Services	1,286
Finance and Insurance	1,121

Information	1,086
Wholesale Trade	941
Real Estate, Rental, and Leasing	830
Arts, Entertainment, and Recreation	827
Transportation and Warehousing	665
Management of Companies and Enterprises	458

Source: Orange County Economic Development Department

The County economy is characterized by a high degree of institutional and public-sector activity, office, commercial and service-oriented businesses. The County is the place of residence for many technical, professional and executive professionals who work in the Research Triangle Park (the "Park") and neighboring cities of Durham, Raleigh, and Burlington.

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

**Exhibit 7:
Major Employers**

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

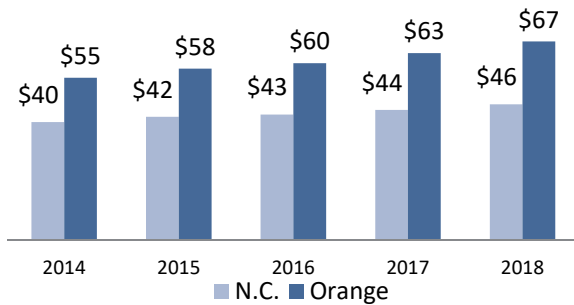
*Headquartered in the County

Source: [Orange County Economic Development](#)

Personal Income

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

Exhibit 8:
Per Capita Personal Income
In thousands

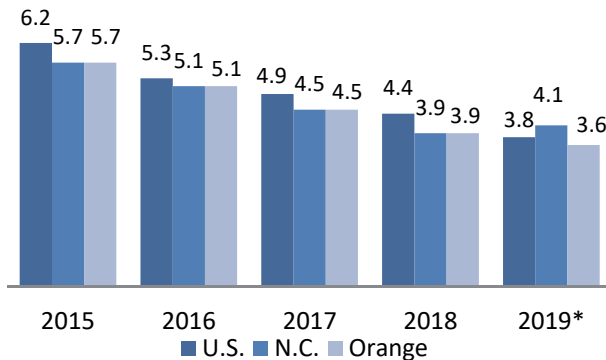


Source: Bureau of Economic Analysis

Employment

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

Exhibit 9:
Unemployment Rates
Average for Each Fiscal Year



Source: United States Bureau Labor & Economic Analysis Division

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

Exhibit 11:
Number and Value of Building Permits

Year	Building Permits	Residential	Non-Residential
2016	6209	\$256,528,071	\$290,266,982
2017	5825	\$222,420,750	\$32,874,171
2018	8637	\$320,289,291	\$267,963,214
2019	9280	\$348,816,092	\$333,009,899

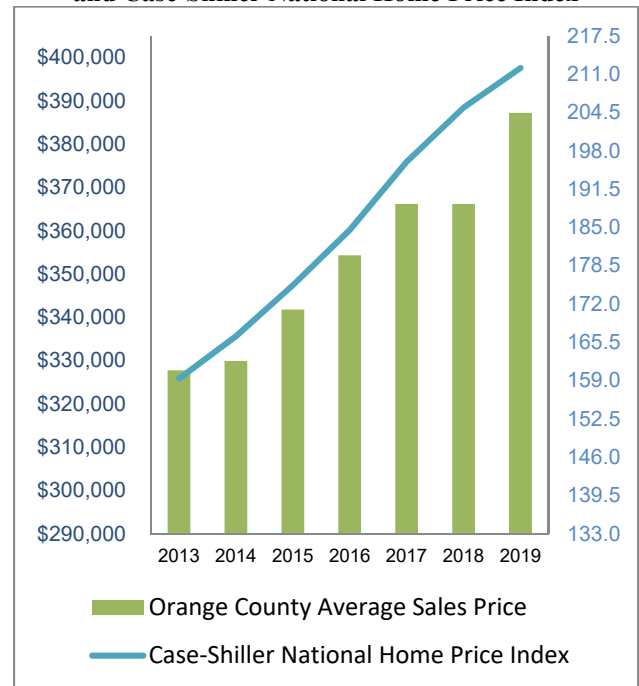
Source: Orange County and Municipal Planning Departments

Note: Values include permits issued by Orange County, Hillsborough, Carrboro, Chapel Hill, and Mebane

Housing Market

Exhibit 12 indicates the average home sale price in the County the past five years in comparison to the Case-Shiller National Home Price Index. Chapel Hill, a municipality in Orange County, is the highest priced major housing market in the Triangle Region. The Orange County housing market has remained relatively consistent with the Case-Shiller U.S. National Home Price Index. Average home sales price in Orange County has continued to increase with the average home sales price at \$387,202 as of October 1, 2019.

Exhibit 12:
Average Orange County Home Sale Price
and Case-Shiller National Home Price Index



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

Other Key Data

Education

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

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

Exhibit 13
Total Budgeted Students

Year	Chapel Hill-Carrboro City Schools	Orange County Schools	Total
2014-15	12,339	7,863	20,202
2015-16	12,239	7,801	20,040
2016-17	11,993	7,966	19,959
2017-18	12,160	8,072	20,232
2018-19	12,387	8,011	20,398

Source: [Department of Public Instruction, March Planning Figures](#)

A seven-member Board of Education is the policy-making authority of Orange County School District and an eight member Board of Education for Chapel Hill-Carrboro City School District.

Board of Education members are elected to four-year staggered terms on a non-partisan basis. Administrative responsibility is vested in an appointed superintendent who serves as chief executive officer.

Each Board of Education relies upon the County for local funds needed to support public school current expense and capital outlay needs.

Each Board of Education must present their current expense and capital outlay budget requests to the County by April 30 each year.

Appropriations to the Board of Education are discussed in the County's budget hearings and the approved amount for the schools is appropriated in the County's operating budget adopted by July 1.

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

Exhibit 14:
Historical Per Pupil Appropriation

Year	Per Pupil Appropriation	Annual % Increase
2007-08	\$3,069	3.8%
2008-09	\$3,200	4.3%
2009-10	\$3,096	-3.3%
2010-11	\$3,096	0.0%
2011-12	\$3,102	0.2%
2012-13	\$3,167	2.1%
2013-14	\$3,269	3.2%
2014-15	\$3,571	9.2%
2015-16	\$3,698	3.5%
2016-17	\$3,868	4.6%
2017-18	\$3,991	3.2%
2018-19	\$4,165	4.4%

Source: Orange County Financial & Administrative Services

Chapel Hill-Carrboro City Schools District

The Chapel Hill-Carrboro City School District (CHCCS) comprises ten elementary schools, four middle schools, three high schools and a school for students being treated at UNC Chapel Hill Hospital. Chapel Hill-Carrboro City Schools has the highest average SAT score in the state and its high schools have been recognized in national publications for its excellent academic performance.

Orange County Schools District

Orange County School District comprises seven elementary (one year-round school of choice), three middle schools, two high schools and an alternative school. Orange County Schools offers an International Baccalaureate Diploma for advanced students. Orange County Schools states itself to be the "First Choice for Families".

Graduation Rates

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

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

**Exhibit 15:
Graduation Rates***

System	Rate
Chapel Hill-Carrboro City	91%
Orange County	89%
North Carolina	87%
United States	85%

Source: [Source: National Center for Educational Statistics and North Carolina Department of Public Instruction](#)

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

**Exhibit 16:
Student Enrollment at Higher Education Facilities
In Orange County**

Institution	2017	2018	2019
UNC- Chapel Hill	29,911	30,011	29,877
Durham Technical Community College*	2,403*	2,787*	2,496*

Source: [UNC School System](#) and Durham Technical Community College

*Enrollment values for all students taking at least one course at the Orange County Campus

The University of North Carolina at Chapel Hill (UNC) is the nation's oldest state university, with a rich history of more than two centuries. UNC is one of the State's top and most progressive institutions of teaching, research, and public services. The campus covers approximately 730 acres and provides education to more than 29,000 students. According to UNC, it has earned a reputation as one of the best universities in the world. UNC is among one of the leading research universities. UNC-Chapel Hill's doctoral programs include Bio-medical sciences, Dentistry, Physics, Education, and Chemistry. The University of North Carolina also includes top ranked Medical and Law Schools.

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

Exhibit 17 indicates educational attainment within the County. The County is ranked as 6th in the United States with the greatest percentage of residents with graduate degrees and 14th in the greatest percentage of people with bachelor's degrees. The presence of the University of North Carolina at Chapel Hill is a primary factor for the

Source: [United States Census Data on Educational Attainment by County](#)

**Exhibit 17:
Educational Attainment
Population 25 years and over in 2017**

Highest Education Level	Orange	N.C.	U.S.
Did Not Graduate High School	7.3%	13.1%	12.7%
High School Graduate	15.2%	26.1%	27.3%
Some College, No Degree	13.9%	21.7%	20.8%
Associate's Degree	6.0%	9.3%	8.3%
Bachelor's Degree	25.8%	19.2%	19.1%
Graduate Degree or Higher	31.8%	10.6%	11.8%

Source: [United States Census \(Orange County\)](#), [United States Census \(N.C.\)](#), [United States Census \(U.S.\)](#)

Medical

Orange County residents have access to top quality medical services. According to the Robert Wood Johnson Foundation, Orange County is highly rated in North Carolina for Health Factors based on health behaviors, clinical care, social and economic factors, and the physical environment.

The County is predominantly served by UNC Hospitals, a public, academic medical center. The Hospitals' mission is to provide high quality patient care, to educate health care professionals, to advance research and to provide community service. UNC Hospitals was established in September 1952 under the name North Carolina Memorial Hospital.

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

**Exhibit 18:
Hospitals in Orange County**

Hospital	Licensed Beds
UNC Health Care	>950
UNC Hillsborough Campus	86

Source: [UNC HealthCare](#)

There are seven other hospitals within 30 miles of Orange County including the following: NC Specialty Hospital, Duke University Hospital, Durham Regional Hospital, U.S. Veterans Medical Hospital, Alamance Regional Hospital, Chatham Hospital, and Person Memorial Hospital.

Transportation

Orange County is strategically located on the I-85/I-40 corridors. The County is served by Interstate Highways 40 (I-40) and 85 (I-85); by U.S. Highways 15, 70, and 501; and by N.C. Highways 49, 54, 57, 86, and 751. Major expansion, maintenance, and improvements of primary and secondary highways within the County are primarily the responsibility of the State. Each of the four municipalities within the County bears the primary responsibility for public streets within its limits. The County has no financial obligation regarding road construction or maintenance.

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

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

Source: [Orange County Public Transportation](#)

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

Source: [Raleigh-Durham International Airport](#)

Amtrak offers direct service to 56 cities from nearby Raleigh. The Silver Star provides daily service to Richmond, Washington, New York, Miami, and many points in between. The Carolinian travels daily between Charlotte and New York City, with stops in Raleigh, Richmond, Washington, DC, Baltimore and Philadelphia. The Piedmont makes daily trips between Raleigh and Charlotte.

Source: [Orange County Economic Development](#)

Culture and Recreation

Music, history, and art offerings abound throughout the County. Hikes through the Riverwalk in Hillsborough and strolls down Franklin Street in Chapel Hill offer unique ways to discover North Carolina. The Ackland Art Museum, Eno Gallery, and Frank Gallery offer an array of visual arts and bring special exhibits and local art to the eye of County. UNC's Memorial Hall, Cat's Cradle, the Arts Center, DSI Comedy Theater, and the Forest Theater showcase the artistic, theatrical, and musical expressions of renowned artists. The North Carolina Botanical Gardens, Montrose Gardens, Woodcrest Farms, Occaneechee Mountain State Natural Area, and Eno State River Park showcase the natural beauty of the County.

The County offers nearly every sport and recreational endeavor for its residents. The County's park facilities include tennis courts, play grounds, swimming pools, soccer fields, ball parks, picnic areas, biking, hiking, canoeing, a skate park, and dog parks. The Orange County

Sportsplex offers additional recreational activity. The Sportsplex hosts many events such as swim meets, skating competitions, hockey tournaments, and triathlons. Per the Orange County Capital Investment Plan, the Sportsplex hosts over 700,000 visitors each year.

The Orange County recreation center offers many courses for youths and adults. Each year, summer and spring break camps are offered, which include basketball, taekwondo, and general summer camps. Children and adults are able to take art, cooking, and computer education courses. The center offers a variety of sports leagues and classes, as well as Tai Chi classes.

Municipalities

Orange County consists of four incorporated municipalities: Chapel Hill, Hillsborough, Carrboro and a portion of Mebane. Each is unique and, together, they are the perfect blend of cosmopolitan culture and energy with the relaxation of rural life.

The Town of Chapel Hill, or as locals call it, "the Southern part of heaven," is probably best known as the home of the University of North Carolina at Chapel Hill, the nation's first state university and an institution that is continually recognized for having one of the best undergraduate programs in the U.S. As a result, the town's culture blends college town, quaint Southern charm and fine dining, shopping and entertainment.

The Town of Carrboro was founded nearly a century and a half ago. The town's rustic charm still remains, with both the original rail station and the textile mill listed on the National Register of Historic Places. Carrboro features a downtown that offers unique shopping and dining, a growing arts community and a reputation for great farmer's markets.

The Town of Hillsborough was founded over 250 years ago and was once the colonial capital of North Carolina. Hillsborough now serves as the County seat of Orange County. The town boasts over one hundred late 18th and 19th century structures and is listed on the National Register of Historic Places. The town's residents enjoy charming shops and restaurants and many activities celebrating the arts and history being held almost daily.

The City of Mebane's namesake is Brigadier General Alexander Mebane, a Revolutionary War officer and later, a United States Congressman. The city of Mebane is at the center of one of the fastest growing areas in North Carolina, offering the conveniences of city life with all of the escape opportunities that city dwellers often seek; the mountains are just three hours to the west and the coast, just three hours to the east.

Source: [Orange County Economic Development](#)



Government Finance Officers Association

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Presented to

**Orange County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

Board of County Commissioners



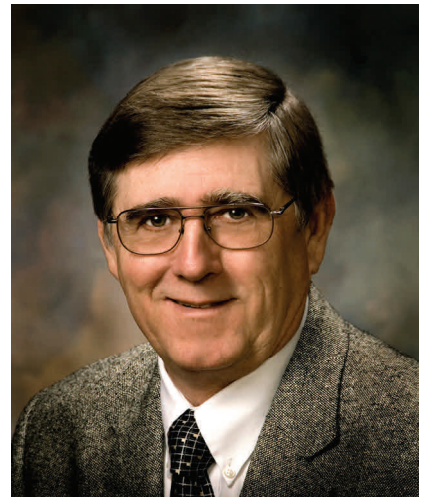
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Renee Price, Vice-Chair



Mark Marcoplos



Earl McKee



Jamezetta Bedford



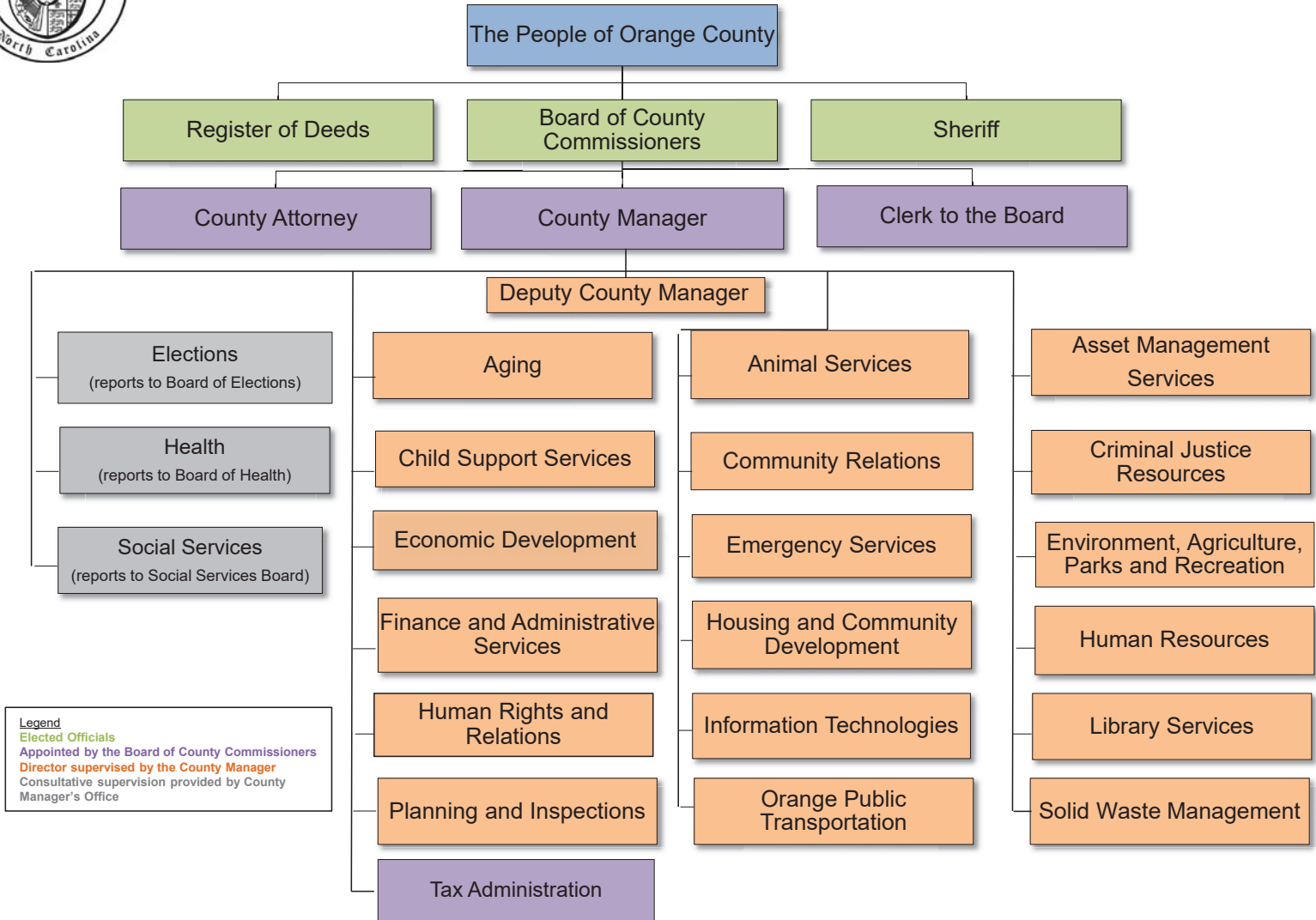
Mark Dorosin



Sally Greene



Orange County Government





FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Orange County, North Carolina (the "County")**, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Orange County ABC Board, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Orange County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Orange County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Orange County, North Carolina as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the County's Net OPEB Liability and Related Ratios – OPEB Plan, the Schedule of County Contributions – OPEB Plan, the Schedule of OPEB Investment Returns – OPEB Plan, the Schedule of Changes in Total Pension Liability – LEOSSA, the Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSSA, the County's Proportionate Share of Net Pension Liability (Asset) – LERS, the Schedule of the County's Contributions – LERS, the County's Proportionate Share of Net Pension Liability (Asset) – Register of Deeds Supplemental Pension Fund, and the Schedule of the County's Contributions – Register of Deeds Supplemental Pension Fund, on pages 4-13, 81, 82, 83, 84, 85, 86, 87, 89 and 90, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules (the "supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 25, 2019

As management of the County, we offer readers of Orange County's (the "County") financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

The liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$82.1 million (net position). In accordance with North Carolina law, liabilities of the County include approximately \$158.2 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 government's total net position decreased by \$24.6 million. This decrease is attributed primarily to increases in education and support services expenses.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$165.4 million, an increase of \$38.7 million in comparison with the prior year. The increases reflect additional bond funds from debt financings during the fiscal year. The General Fund total ending fund balance of \$66.2 million includes \$35.7 million of unassigned fund balance.

The unassigned General Fund ending fund balance of \$35.7 million represented 16.5% of total General Fund expenditures for the fiscal year consistent with the County policy of unassigned fund balance of 16% of General Fund expenditures.

Orange County maintains the highest credit quality, with bond ratings of AAA (Fitch IBCA), Aaa (Moody's Investor Services) and AAA (Standard & Poor's) on its general obligation bonds.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements:

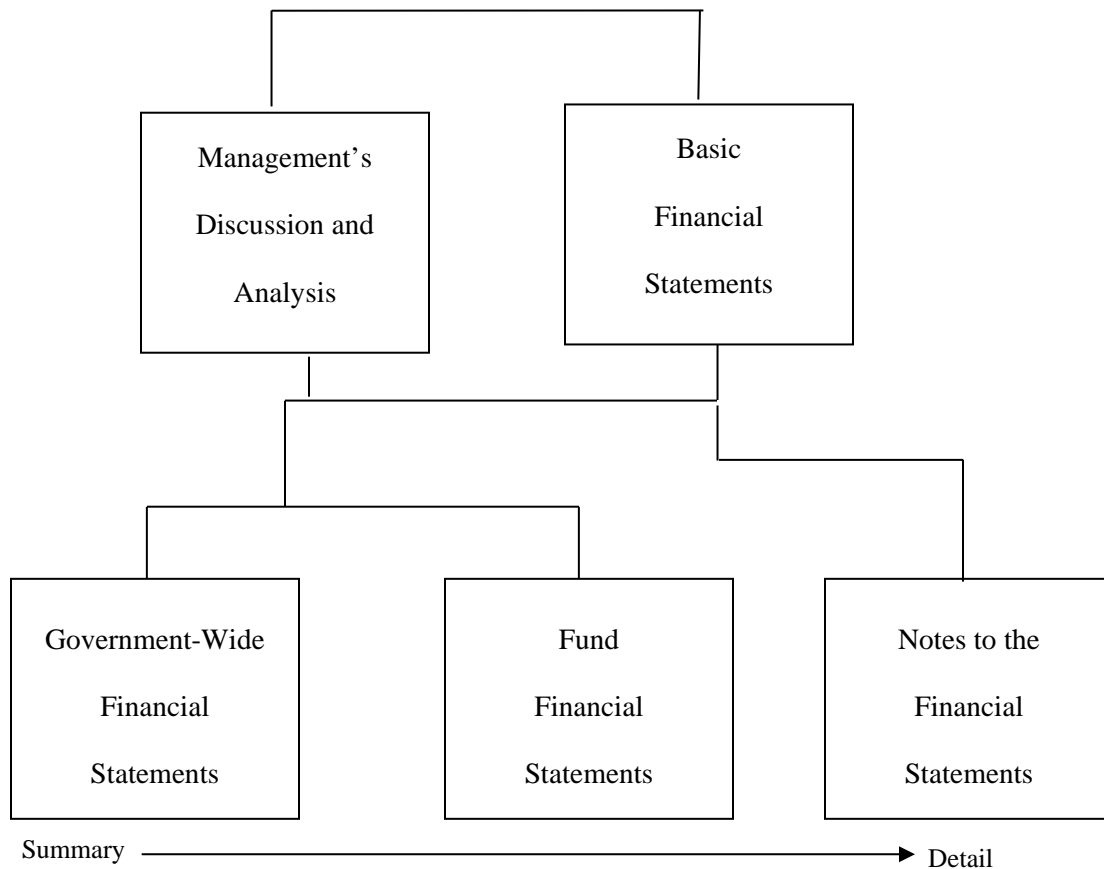
1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes to the basic financial statements (notes)**. The notes explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show additional details about the County's major and nonmajor governmental funds, proprietary and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

Required Components of Annual Financial Report
Figure 1



The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services, such as general administration, taxation and records, community planning, community maintenance, human services, education, public safety, and public works. Property and other taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide a related service. These include the sewer

and landfill services and recreational services offered by the County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on pages 14 through 16 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related

legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the residents of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statements provided for the General Fund demonstrate how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language, and classifications as the Statement of Revenues, Expenditures, and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or

variance between the final budget and the actual resources and charges.

Proprietary Funds

The County has two kinds of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its sewer activity, for its landfill operations, and Sportsplex operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses 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 nine agency funds and an OPEB Trust Fund.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements are on pages 26-80 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required Supplementary Information can be found beginning on page 81 of this report.

Management's Discussion and Analysis (Unaudited)

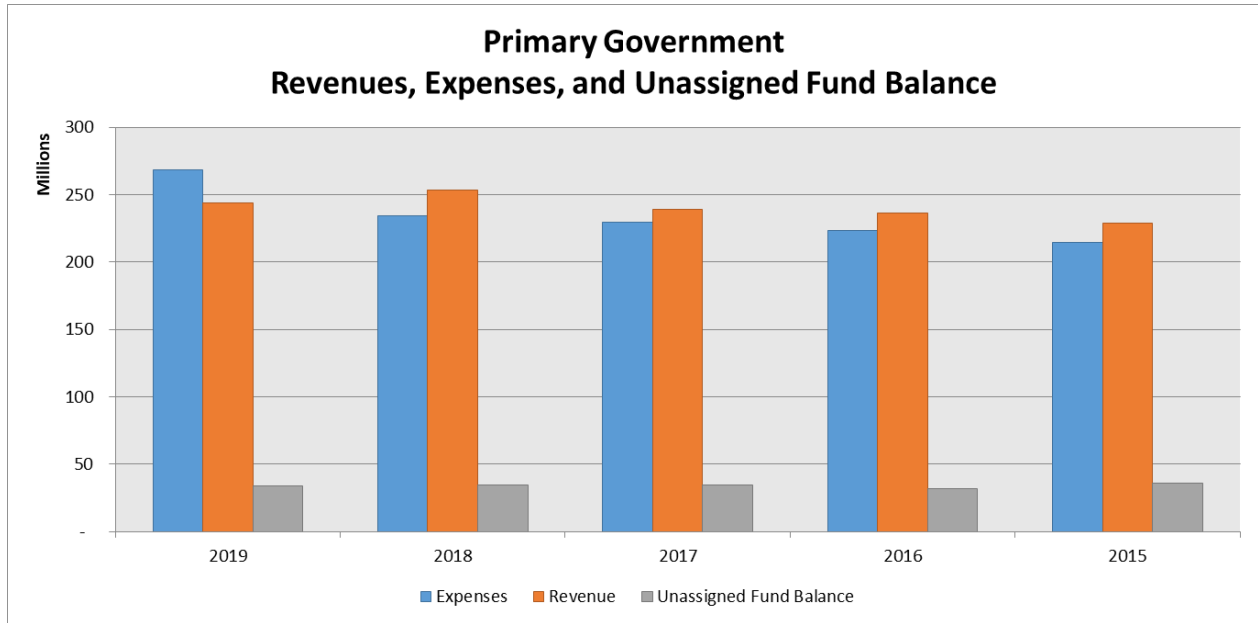
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 181,136,934	\$ 144,684,875	\$ 15,571,972	\$ 16,310,411	\$ 196,708,906	\$ 160,995,286
Capital assets	105,251,188	101,843,976	20,272,804	19,393,713	125,523,992	121,237,689
Total assets	286,388,122	246,528,851	35,844,776	35,704,124	322,232,898	282,232,975
Deferred Outflows	23,333,249	13,665,653	789,059	527,092	24,122,308	14,192,745
Liabilities:						
Long-term liabilities	364,943,659	316,390,962	17,676,227	18,103,855	382,619,886	334,494,817
Other liabilities	38,090,462	8,189,834	2,471,773	1,493,667	40,562,235	9,683,501
Total liabilities	403,034,121	324,580,796	20,148,000	19,597,522	423,182,121	344,178,318
Deferred inflows	5,182,246	9,338,726	86,787	106,649	5,269,033	9,445,375
Net Position:						
Net investment in capital assets	29,752,938	30,229,146	9,391,992	10,361,313	39,144,930	40,590,459
Restricted	84,301,864	51,739,610	-	-	84,301,864	51,739,610
Unrestricted	(212,549,798)	(155,693,774)	7,007,056	6,165,732	(205,542,742)	(149,528,042)
Total net position	\$ (98,494,996)	\$ (73,725,018)	\$ 16,399,048	\$ 16,527,045	\$ (82,095,948)	\$ (57,197,973)

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 \$82.1 million as of June 30, 2019. Net position is reported in three categories: Net investment in capital assets of \$39.1 million, restricted net position of \$84.3 million, and unrestricted net position of (\$205.5) 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, 2019, the net investment in capital assets decreased by \$1.4 million.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to residents and creditors. At June 30, 2019, the total net deficit reported of \$82.1 million is attributable to the unrestricted net deficit balance of (\$206.7) million, which results primarily from the debt financing related to school system assets.

Consistent with other counties in the State of North Carolina, the County's deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the two school systems located within the County. Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal obligation to provide the school systems capital funding by using a combination of County funds, general obligation debt, and installment financing. It is important to note, that the assets funded by the County are owned and utilized by the school systems. The County is the issuing government for school system debt but acquires no capital assets; therefore the County has incurred a liability without a related increase in assets. At the end of the fiscal year, approximately \$158.2 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 decreased by \$24.9 million. This decrease resulted from increased long-term debt to support the County's capital improvement program. The business-type activities provided a slight decrease to net position of \$127,997. In addition, the following positive operational initiatives and results are noted:

- The County's continued efficiency in the collection of property taxes resulted in a collection percentage of 99.6%, higher than the State-wide average of 97%.
- Sales tax revenue, which is the second largest revenue source, increased by approximately \$2.1 million from the prior fiscal year to \$27.8 million or 8.4%.

- The County continued to lead the State in per pupil funding for education.
- The unassigned fund balance in the County's General Fund remained strong and increased to \$35.7 million or 16.5% of General Fund expenditures. The county exercises fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year. The County's unassigned fund balance level provides a financial cushion to mitigate unforeseen changes in the economic and business climate and decreased revenues.

Management's Discussion and Analysis (Unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 15,827,035	\$ 15,719,203	\$ 14,259,849	\$ 13,482,011	\$ 30,086,884	\$ 29,201,214
Operating grants and contributions	24,223,044	24,212,789	30,570	200,448	24,253,614	24,413,237
Capital grants and contributions	1,157,514	1,620,344	-	-	1,157,514	1,620,344
General Revenues:						
Property Taxes	165,411,715	160,185,898	-	-	165,411,715	160,185,898
Other Taxes	33,541,804	31,012,534	-	-	33,541,804	31,012,534
Other	3,553,143	1,583,643	305,880	138,915	3,859,023	1,722,558
Total Revenues	243,714,255	234,334,411	14,596,299	13,821,374	258,310,554	248,155,785
Expenses:						
Community Services	15,902,720	15,223,280	-	-	15,902,720	15,223,280
General Government	15,382,288	16,685,804	-	-	15,382,288	16,685,804
Human Services	44,580,536	43,371,252	-	-	44,580,536	43,371,252
Education	132,364,089	106,689,649	-	-	132,364,089	106,689,649
Public Safety	33,718,408	32,247,386	-	-	33,718,408	32,247,386
Support Services	19,455,503	12,733,446	-	-	19,455,503	12,733,446
Interest on long-term debt	6,954,179	5,707,204	-	-	6,954,179	5,707,204
Landfill	-	-	10,783,737	9,566,421	10,783,737	9,566,421
Sewer	-	-	327,665	443,049	327,665	443,049
Sportsplex	-	-	3,739,404	3,608,084	3,739,404	3,608,084
Total Expenses	268,357,723	232,658,021	14,850,806	13,617,554	283,208,529	246,275,575
Increase/decrease in net position before transfers	(24,643,468)	1,676,390	(254,507)	203,820	(24,897,975)	1,880,210
Transfers	(126,510)	(1,739,866)	126,510	1,739,866	-	-
Increase/Decrease in net position after transfer	(24,769,978)	(63,476)	(127,997)	1,943,686	(24,897,975)	1,880,210
Net Position:						
Beginning of year - July 1	(73,725,018)	(73,661,542)	16,527,045	14,583,359	(57,197,973)	(59,078,183)
Total net position	\$ (98,494,996)	\$ (73,725,018)	\$ 16,399,048	\$ 16,527,045	\$ (82,095,948)	\$ (57,197,973)

Governmental Activities.

Governmental activities decreased the County's net position by \$24.8 million.

Key elements of this change are as follows:

- Increased Education capital outlays
- Increased Support Services expenses
- Increased interest on long-term debt

Business-Type Activities

Business-type activities decreased the County's net position by \$127,997. The decrease was primarily related to the continued depreciation of the capital assets in the funds.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, available fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$35.7 million or 16.5% of General Fund expenditures, while total fund balance increased to \$66.2 million or 30.6% 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 16.1% of total General Fund expenditures and transfers out, while the total fund balance represents 29.9% of General Fund expenditures and transfers out.

General Fund revenues are \$220.7 million or \$3.2 million higher than the final amended budget. General Fund revenues increased by \$7.7 million from the prior fiscal year. Property tax revenue comprises 73% of the General Fund budget. Sales tax revenue, the second largest revenue, increased by \$1.9 million compared to the final budget. Investment earnings were notably higher than budget by \$743,576 reflecting efficient investment of cash in an improved interest rate environment. General Fund revenues and other financing sources total \$224.2 million.

General Fund expenditures are \$216.4 million or \$7.9 million lower than the final amended budget. General Fund expenditures increased by \$3.9 million from the prior fiscal year. General Fund expenditures were 3.5% under the final budget. This is attributed to management's commitment to effectively managing the operating budget and strong collaboration and cooperation with departments to monitor their budgets through regular Finance reviews and a focus on minimizing discretionary expenditures. General Fund expenditures and other financing uses total \$221.5 million.

The County Capital Improvement Fund reflects a \$4.1 million decrease in fund balance to support ongoing capital projects. The County Capital fund financed a majority of the current capital outlay expenditures of \$14.1 million during the fiscal year.

The School Capital Improvement Fund reflects an increase in fund balance of \$36.5 million. The school capital project fund balance increase is the result of \$64.4 million in general obligation bond proceeds for Chapel Hill High School renovations.

As of June 30, 2019, the non-major governmental funds of the County reported a combined fund balance of \$16.4 million, an increase of \$3.6 million from the prior year. The non-major governmental funds consists of Article 46 ¼ cents sales taxes, fire district property taxes, visitors bureau occupancy taxes, and housing grant revenue.

General Fund Budgetary Highlights

The adopted General Fund budget for fiscal year ending June 30, 2019 totaled \$225.6 million, which represents \$7.2 million or a 3.3% increase over the FY 2017-18 adopted budget. The County budget included a 1.27 cent increase in the property tax rate to fund a \$3.2 million increase in debt service. The County tax rate increased from \$0.8377 per \$100 of assessed valuation to \$0.8504 per \$100 of assessed valuation. The County tax base increased by 1.4%

to \$17.3 billion. This tax base increase coupled with the tax rate increase resulted in a 3.1% growth over the FY 2017-18 property tax revenue projection or an additional \$4.4 million in additional property tax revenues.

The County budget maintains a goal of allocating 48.1% of General Fund revenues to Education spending. The budget increases per pupil expenditures by \$174 to \$4,165 per pupil, which is among the highest amounts in the State. The FY 2018-19 appropriation represents 50.1% of total General Fund revenues. The budget appropriates \$3 million of fund balance for school deferred maintenance. The County annual appropriation to education is consistently among the highest per pupil expenditures among the 100 counties in North Carolina.

The County budget included a 2% wage increase for County employees. The County budget is consistent with the County's Long Range Financial objectives which include decreased reliance on fund balance appropriations to balancing the budget.

The County generally amends the budget during the fiscal year. County budget amendments are delineated in one of four categories:

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

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position in the proprietary funds at the end of the fiscal year amounted to \$7.0 million. As previously indicated, the decrease in net position for the proprietary funds was \$127,997. The Sportsplex Fund reported breakeven results with a net position of \$3.6 million. The Solid Waste Landfill Fund reported the majority of proprietary funds increase attributed the supplemental transfers from the General Fund.

The County Capital Assets

(Net of depreciation)

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

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, 2019 totals \$125.5 million (net of accumulated depreciation). These assets include land, buildings, automotive equipment, office and other equipment, and sewer lines.

Major capital asset transactions during the year include:

- 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, 2019, the County had total bonded debt outstanding of \$125.7 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 \$123.9 million. A summary of total long-term debt and other long-term liabilities is shown in Figure 5. The County's total long-term obligations increased by \$76.9 million, or 23.3% from the prior fiscal year. The increase is mainly due to the issuance of General Obligation bonds.

The County's bond ratings are shown below:

Moody's Investor Services	Aaa
Standard & Poor's	AAA
Fitch IBCA	AAA

These bond ratings are a clear indication of the sound financial condition of the County. The County is one of the few counties in the country that maintains the highest financial ratings from all major rating agencies. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is approximately \$1.2 billion. The County has \$198.0 million in net debt applicable to the limit. The County has \$47.9 million in bonds authorized, but unissued, at June 30, 2019.

The County's Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2018	2018
General obligations bonds	\$ 125,740,000	\$ 71,185,000	\$ -	\$ -	\$ 125,740,000	\$ 71,185,000
Installment notes payable	112,389,455	111,568,633	11,501,093	11,164,960	123,890,548	122,733,593
Resolving loan payable	2,097,037	2,242,677	-	-	2,097,037	2,242,677
Premiums	16,433,431	13,049,290	496,643	328,071	16,930,074	13,377,361
Accrued compensated absences	3,987,120	3,728,489	252,839	241,826	4,239,959	3,970,315
Net pension liability - LGERS	17,087,193	10,932,395	1,002,626	649,884	18,089,819	11,582,279
Total pension liability - LEOSSA	4,117,156	4,016,727	-	-	4,117,156	4,016,727
Post-closure liability	-	-	5,848,071	5,719,114	5,848,071	5,719,114
OPEB liability	106,718,695	95,924,108	-	-	106,718,695	95,924,108
Total	<u>\$ 388,570,087</u>	<u>\$ 312,647,319</u>	<u>\$ 19,101,272</u>	<u>\$ 18,103,855</u>	<u>\$ 407,671,359</u>	<u>\$ 330,751,174</u>

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

Budget Highlights for the Fiscal Year Ending June 30, 2020

The adopted General Fund Budget for FY 2019-20 totals \$237.1 million which represents \$10.4 million or a 4.5% increase over the FY 2018-19 adopted budget. The County Budget includes a 1.75 cent increase in the property tax rate to fund increased debt service, education and county operating costs. The County tax rate is increased from \$0.8504 per \$100 of assessed valuation to \$0.8679 per \$100 of assessed valuation. The County tax base has increased by 2.1% to \$18.9 billion. This tax base increase coupled with the tax rate increase results in approximately 3.2% growth over the FY 2018-19 property tax revenue projection or an additional \$4.6 million in additional property tax revenues.

The County budget maintains a goal of allocating 48.1% of General Fund revenues to Education spending. The budget increases per pupil expenditures by \$187.25 to \$4,352.25 per pupil, which has consistently been among the highest per pupil appropriation amounts in the State. The FY 2019-20 appropriation represents 49.5% of total General Fund revenues. The budget appropriates \$3 million to fund school deferred maintenance. The fiscal year 2019-20 budget fully funds all positions of the County and provides a 2% across the board wage increase for all County employees effective July 1, 2019.

Property tax revenues comprise \$165.1 million or 72% of General Fund revenues. Sales tax revenues comprise \$25.3 million or 11% of General Fund revenues. The remaining 17% of General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues. The revenue budget recognizes the loss of impact fee revenue that had been used to support debt service associated with new school capacity. The impact fee fund contained a residual balance of \$112,000 that is appropriated in the FY 2019-20 Budget.

The budget controls expenditure growth, focusing on funding the continuation needs of County departments and education, and reduces the reliance on fund balance for ongoing budget stabilization. The fund balance appropriation for FY 2019-20 is \$7.8 million as compared to \$8.8 million in FY 2018-19, \$9.7 million in FY 2017-18, and \$12.7 million in FY 2016-17. This budget goal is consistent with the County's Long Range Financial Plan objectives to decrease fund balance appropriations.

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

The Article 46 sales tax revenue is budgeted at \$4,068,240 for fiscal year 2019-20.

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, 405 Meadowlands Drive, 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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Orange County ABC Board
ASSETS				
Cash and cash equivalents	\$ 73,544,449	\$ 15,273,378	\$ 88,817,827	\$ 2,593,475
Receivables, net of allowance for uncollectibles	3,682,427	434,594	4,117,021	6,122
Taxes receivable, net of allowance for uncollectibles	2,461,809	-	2,461,809	-
Due from other governments	13,587,196	-	13,587,196	-
Internal balances	136,000	(136,000)	-	-
Inventories	12,428	-	12,428	2,277,360
Prepaid items	3,001	-	3,001	82,933
Restricted cash and cash equivalents	87,522,942	-	87,522,942	-
Net pension asset	186,682	-	186,682	-
Capital assets:				
Non-depreciable	48,173,512	8,171,869	56,345,381	2,738,436
Depreciable, net of accumulated depreciation	57,077,676	12,100,935	69,178,611	4,635,643
Total assets	<u>286,388,122</u>	<u>35,844,776</u>	<u>322,232,898</u>	<u>12,333,969</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	13,708,892	789,059	14,497,951	437,279
OPEB related items	6,196,754	-	6,196,754	9,077
Deferred charges on refunding	3,429,373	-	3,429,373	-
Total deferred outflows of resources	<u>23,335,019</u>	<u>789,059</u>	<u>24,124,078</u>	<u>446,356</u>
LIABILITIES				
Accounts payable	7,098,280	451,929	7,550,209	629,111
Retainage payable	15,557	-	15,557	-
Accrued liabilities	3,301,831	415,784	3,717,615	537,852
Customer deposits	-	179,015	179,015	-
Interest payable	2,578,607	-	2,578,607	-
Claims and judgements payable	1,409,759	-	1,409,759	-
Landfill postclosure liability, due within one year	-	217,800	217,800	-
Landfill postclosure liability, due in more than one year	-	5,630,271	5,630,271	-
Installment notes, due within one year	11,138,516	1,055,541	12,194,057	151,279
Installment notes, due in more than one year	108,208,707	10,942,195	119,150,902	1,777,069
Bonds payable, due within one year	10,010,000	-	10,010,000	-
Bonds payable, due in more than one year	125,205,663	-	125,205,663	-
Revolving loan, due within one year	145,640	-	145,640	-
Revolving loan, due in more than one year	1,951,397	-	1,951,397	-
Compensated absences, due within one year	2,392,272	151,704	2,543,976	-
Compensated absences, due in more than one year	1,594,848	101,135	1,695,983	-
Total pension liability, due in more than one year	4,177,156	-	4,177,156	-
Net pension liability, due in more than one year	17,087,193	1,002,626	18,089,819	605,896
Net OPEB liability, due in more than one year	106,718,695	-	106,718,695	988,675
Total liabilities	<u>403,034,121</u>	<u>20,148,000</u>	<u>423,182,121</u>	<u>4,689,882</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred tax revenue	581,506	-	581,506	-
Pension related items	325,916	8,232	334,148	-
Deferred charges on refunding	-	78,555	78,555	-
OPEB related items	4,276,594	-	4,276,594	-
Total deferred inflows of resources	<u>5,184,016</u>	<u>86,787</u>	<u>5,270,803</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	29,752,938	9,391,992	39,144,930	5,445,731
Restricted for:				
Stabilization by State Statute	16,325,046	-	16,325,046	-
Public safety	3,041,156	-	3,041,156	-
Human services	252,328	-	252,328	-
Community services	1,279,385	-	1,279,385	-
Education	63,291,434	-	63,291,434	-
Capital projects	112,515	-	112,515	641,387
Unrestricted	(212,549,798)	7,007,056	(205,542,742)	2,003,325
Total net position	<u>\$ (98,494,996)</u>	<u>\$ 16,399,048</u>	<u>\$ (82,095,948)</u>	<u>\$ 8,090,443</u>

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for	Operating	Capital
		Services	Grants and	Grants and
			Contributions	Contributions
Governmental activities:				
Community services	\$ 15,902,720	\$ 2,723,951	\$ 889,999	\$ -
General government	15,382,288	4,018,378	719,905	1,157,514
Public safety	33,718,408	6,767,250	1,650,232	-
Human services	44,580,536	1,991,931	19,469,265	-
Education	132,364,089	-	1,493,643	-
Support services	19,455,503	325,525	-	-
Interest on long-term debt	6,954,179	-	-	-
Total governmental activities	268,357,723	15,827,035	24,223,044	1,157,514
Business-type activities:				
Solid waste	10,783,737	10,399,986	30,570	-
Sportsplex	3,739,404	3,764,043	-	-
Efland	327,665	95,820	-	-
Total business-type activities	14,850,806	14,259,849	30,570	-
Total primary government	\$ 283,208,529	\$ 30,086,884	\$ 24,253,614	\$ 1,157,514
Component Unit:				
Orange County ABC Board	\$ 20,846,190	\$ 21,366,106	\$ -	\$ -
Total component unit	\$ 20,846,190	\$ 21,366,106	\$ -	\$ -

General revenues:

Ad valorem taxes

Sales and use taxes

Occupancy taxes

Other taxes

Investment earnings

Gain on sale of capital assets

Transfers

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Orange County ABC Board
\$ (12,288,770)	\$ -	\$ (12,288,770)	\$ (12,288,770)
(9,486,491)	-	(9,486,491)	(9,486,491)
(25,300,926)	-	(25,300,926)	(25,300,926)
(23,119,340)	-	(23,119,340)	(23,119,340)
(130,870,446)	-	(130,870,446)	(130,870,446)
(19,129,978)	-	(19,129,978)	(19,129,978)
(6,954,179)	-	(6,954,179)	(6,954,179)
(227,150,130)	-	(227,150,130)	(227,150,130)
-	(353,181)	(353,181)	(706,362)
-	24,639	24,639	49,278
-	(231,845)	(231,845)	(463,690)
-	(560,387)	(560,387)	(1,120,774)
\$ (227,150,130)	\$ (560,387)	\$ (227,710,517)	\$ (228,270,904)
\$ -	\$ -	\$ -	\$ 519,916
\$ -	\$ -	\$ -	\$ 519,916
\$ 165,411,715	\$ -	\$ 165,411,715	\$ -
31,843,731	-	31,843,731	-
1,671,718	-	1,671,718	-
26,355	-	26,355	-
3,553,143	217,420	3,770,563	-
-	88,460	88,460	-
(126,510)	126,510	-	-
202,380,152	432,390	202,812,542	-
(24,769,978)	(127,997)	(24,897,975)	519,916
(73,725,018)	16,527,045	(57,197,973)	7,570,527
\$ (98,494,996)	\$ 16,399,048	\$ (82,095,948)	\$ 8,090,443

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

	General Fund	County Capital Improvements Fund	School Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 57,101,287	\$ -	\$ -	\$ 14,080,499	\$ 71,181,786
Taxes receivable, net	2,214,745	-	-	247,064	2,461,809
Accounts receivable	1,141,877	78,910	-	2,461,640	3,682,427
Due from other governments	13,587,196	-	-	-	13,587,196
Due from other funds	11,151	-	-	-	11,151
Advances to other funds	136,000	-	-	-	136,000
Inventory	12,428	-	-	-	12,428
Prepaid items	3,001	-	-	-	3,001
Restricted cash and cash equivalents	-	21,027,137	66,495,805	-	87,522,942
Total assets	<u>\$ 74,207,685</u>	<u>\$ 21,106,047</u>	<u>\$ 66,495,805</u>	<u>\$ 16,789,203</u>	<u>\$ 178,598,740</u>
LIABILITIES					
Accounts payable	\$ 2,201,998	\$ 1,507,745	\$ 3,204,371	\$ 184,166	\$ 7,098,280
Due to other funds	-	-	-	11,151	11,151
Retainage payable	-	15,557	-	-	15,557
Accrued payroll and withholdings	1,829,284	-	-	33,414	1,862,698
Accrued liabilities	1,439,133	-	-	-	1,439,133
Total liabilities	<u>5,470,415</u>	<u>1,523,302</u>	<u>3,204,371</u>	<u>228,731</u>	<u>10,426,819</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - ad valorem taxes	1,947,578	-	-	198,647	2,146,225
Deferred revenue - prepaid taxes	581,506	-	-	-	581,506
Total deferred inflows of resources	<u>2,529,084</u>	<u>-</u>	<u>-</u>	<u>198,647</u>	<u>2,727,731</u>
FUND BALANCES					
Nonspendable:					
Inventories	12,428	-	-	-	12,428
Prepaid items	3,001	-	-	-	3,001
Advances to other funds	136,000	-	-	-	136,000
Restricted:					
Stabilization by State Statute	15,007,391	-	-	1,317,655	16,325,046
Public safety	-	-	-	2,842,509	2,842,509
Human services	-	-	-	252,328	252,328
Community services	-	-	-	1,279,385	1,279,385
Education	-	-	63,291,434	-	63,291,434
Capital projects	-	19,582,745	-	112,515	19,695,260
Committed:					
Health benefits	7,543,841	-	-	-	7,543,841
Education	-	-	-	1,140,095	1,140,095
Community services	-	-	-	1,928,742	1,928,742
Human services	-	-	-	143,902	143,902
Assigned:					
Use in subsequent fiscal year	7,808,006	-	-	-	7,808,006
Capital projects	-	-	-	4,569,498	4,569,498
Human services	-	-	-	2,724,748	2,724,748
Community services	-	-	-	50,448	50,448
Unassigned	35,697,519	-	-	-	35,697,519
Total fund balances	<u>66,208,186</u>	<u>19,582,745</u>	<u>63,291,434</u>	<u>16,361,825</u>	<u>165,444,190</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 74,207,685</u>	<u>\$ 21,106,047</u>	<u>\$ 66,495,805</u>	<u>\$ 16,789,203</u>	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	105,251,188
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	2,146,225
The net pension liability (assets), total pension liability, net OPEB liability, and related deferred inflows and outflows of resources related to the County's defined benefit pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(112,493,226)
Internal service funds are used by the County to charge costs to other funds. The assets and liabilities are included in the governmental activities.	1,555,859
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(260,399,232)
Net position of governmental activities	<u>\$ (98,494,996)</u>

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, 2019

	General Fund	County Capital Improvements Fund	School Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 158,975,376	\$ -	\$ -	\$ 6,316,297	\$ 165,291,673
Sales tax	27,844,579	-	11,205	3,987,947	31,843,731
Other taxes	-	-	-	1,698,073	1,698,073
Intergovernmental revenues	17,594,067	990,346	-	6,532,052	25,116,465
Charges for services	12,215,839	-	-	730,634	12,946,473
Investment earnings	1,158,576	462,814	1,725,457	206,296	3,553,143
License and permits	288,988	-	-	-	288,988
Miscellaneous	2,581,039	167,168	-	107,460	2,855,667
Total revenues	<u>220,658,464</u>	<u>1,620,328</u>	<u>1,736,662</u>	<u>19,578,759</u>	<u>243,594,213</u>
Expenditures					
Current:					
Community services	12,391,965	-	-	2,906,084	15,298,049
General government	9,690,362	-	-	208,052	9,898,414
Public safety	24,029,259	-	-	7,680,748	31,710,007
Human services	37,412,281	-	-	6,253,330	43,665,611
Education	90,688,339	-	35,083,867	1,548,429	127,320,635
Support services	12,626,572	-	-	-	12,626,572
Capital outlay	-	14,141,956	-	-	14,141,956
Debt service:					
Principal retirements	21,359,375	-	-	570,443	21,929,818
Interest and fiscal charges	8,159,291	897,110	-	244,199	9,300,600
Total expenditures	<u>216,357,444</u>	<u>15,039,066</u>	<u>35,083,867</u>	<u>19,411,285</u>	<u>285,891,662</u>
Excess (deficiency) of revenues over expenditures	4,301,020	(13,418,738)	(33,347,205)	167,474	(42,297,449)
Other financing sources (uses)					
Proceeds from sale of capital assets	12,963	-	-	-	12,963
Bonds issued	-	7,052,701	64,400,000	-	71,452,701
Premium on financing arrangements	-	2,090,678	-	4,495,553	6,586,231
Transfers in	3,487,600	220,000	1,493,643	762,765	5,964,008
Transfers out	(5,154,456)	(74,982)	(1,700,000)	(1,787,600)	(8,717,038)
Installment notes issued	25,800	-	5,681,499	-	5,707,299
Total other financing sources (uses)	<u>(1,628,093)</u>	<u>9,288,397</u>	<u>69,875,142</u>	<u>3,470,718</u>	<u>81,006,164</u>
Net change in fund balances	2,672,927	(4,130,341)	36,527,937	3,638,192	38,708,715
Fund balances, beginning of year	<u>63,535,259</u>	<u>23,713,086</u>	<u>26,763,497</u>	<u>12,723,633</u>	<u>126,735,475</u>
Fund balances, end of year	<u>\$ 66,208,186</u>	<u>\$ 19,582,745</u>	<u>\$ 63,291,434</u>	<u>\$ 16,361,825</u>	<u>\$ 165,444,190</u>

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

ORANGE COUNTY, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

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

Net change in fund balances - total governmental funds	\$ 38,708,715
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,611,554
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and disposals) is to decrease net position.	(204,342)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	120,042
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(61,816,413)
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.	(516,511)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(4,673,023)</u>
Change in net position - governmental activities	<u><u>\$ (24,769,978)</u></u>

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

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 158,100,549	\$ 158,100,549	\$ 158,975,376	\$ 874,827
Sales tax	25,890,242	25,890,242	27,844,579	1,954,337
Intergovernmental revenue	16,739,366	19,119,760	17,594,067	(1,525,693)
Charges for services	11,633,505	11,532,698	12,215,839	683,141
Investment earnings	415,000	415,000	1,158,576	743,576
License and permits	313,000	313,000	288,988	(24,012)
Miscellaneous	1,954,349	2,063,809	2,579,605	515,796
Total revenues	215,046,011	217,435,058	220,657,030	3,221,972
Expenditures				
Current:				
Community service	12,595,089	13,068,607	12,391,965	676,642
General government	9,831,027	10,206,355	9,690,362	515,993
Public safety	24,713,448	25,473,002	24,029,259	1,443,743
Human services	38,731,446	40,795,649	37,412,281	3,383,368
Education	92,246,242	92,246,242	90,688,339	1,557,903
Support services	13,182,883	12,537,275	12,626,572	(89,297)
Debt service:				
Principal retirements	23,415,710	21,760,710	21,359,375	401,335
Interest	6,532,531	8,187,531	8,159,291	28,240
Total expenditures	221,248,376	224,275,371	216,357,444	7,917,927
Excess (deficiency) of revenues over expenditures	(6,202,365)	(6,840,313)	4,299,586	11,139,899
Other financing sources (uses):				
Installment notes issued	-	25,800	25,800	-
Proceeds from sale of capital assets	50,000	50,000	12,963	(37,037)
Transfers in	1,637,600	1,787,600	3,487,600	1,700,000
Transfers out	(4,305,334)	(5,822,345)	(5,154,456)	667,889
Appropriated fund balance	8,820,099	10,799,258	-	(10,799,258)
Total other financing sources	6,202,365	6,840,313	(1,628,093)	(8,468,406)
Net change in fund balances	-	-	2,671,493	2,671,493
Fund balances, beginning of year	63,535,259	63,535,259	63,535,259	-
Fund balances, end of year	\$ 54,715,160	\$ 52,736,001		\$ 2,671,493
Reconciliation to the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance:				
Community Loan Fund :				
Net change in fund balance			1,434	
			\$ 66,208,186	

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2019

ASSETS	Solid Waste Landfill Fund	SportsPlex Fund	Nonmajor Fund		Internal Service Fund
			Efland Sewer Operating Fund	Totals	
CURRENT ASSETS					
Cash and cash equivalents	\$ 14,730,640	\$ 451,206	\$ 91,532	\$ 15,273,378	\$ 2,362,663
Accounts receivable, net of allowances	400,108	34,486	-	434,594	-
Total current assets	15,130,748	485,692	91,532	15,707,972	2,362,663
CAPITAL ASSETS					
Nondepreciable	4,009,400	4,105,352	57,117	8,171,869	-
Depreciable, net of accumulated depreciation	5,068,479	5,101,139	1,931,317	12,100,935	-
Total noncurrent assets	9,077,879	9,206,491	1,988,434	20,272,804	-
Total assets	24,208,627	9,692,183	2,079,966	35,980,776	2,362,663
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	789,059	-	-	789,059	-
Total deferred outflows of resources	789,059	-	-	789,059	-
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	370,677	81,146	106	451,929	-
Accrued liabilities	76,286	184,628	154,870	415,784	-
Payroll withholdings	123,349	55,666	-	179,015	-
Claims payable	-	-	-	-	806,804
Installment contracts, current	573,686	481,855	-	1,055,541	-
Landfill postclosure, current	217,800	-	-	217,800	-
Compensated absences payable, current	151,704	-	-	151,704	-
Total current liabilities	1,513,502	803,295	154,976	2,471,773	806,804
NONCURRENT LIABILITIES					
Installments contracts	5,658,711	5,283,484	-	10,942,195	-
Landfill postclosure	5,630,271	-	-	5,630,271	-
Advance from other funds	-	-	136,000	136,000	-
Compensated absences payable	101,135	-	-	101,135	-
Net pension liability	1,002,626	-	-	1,002,626	-
Total noncurrent liabilities	12,392,743	5,283,484	136,000	17,812,227	-
Total liabilities	13,906,245	6,086,779	290,976	20,284,000	806,804
DEFERRED INFLOWS OF RESOURCES					
Pension related items	8,232	-	-	8,232	-
Deferred charges on refunding	78,555	-	-	78,555	-
Total deferred inflows of resources	86,787	-	-	86,787	-
NET POSITION					
Net investment in capital assets	3,962,406	3,441,152	1,988,434	9,391,992	-
Unrestricted	7,042,248	164,252	(199,444)	7,007,056	1,555,859
Total net position	\$ 11,004,654	\$ 3,605,404	\$ 1,788,990	\$ 16,399,048	\$ 1,555,859

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, 2019

	Solid Waste Landfill Fund	SportsPlex Fund	Nonmajor Fund Efland Sewer Operating Fund	Totals	Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 10,399,986	\$ 3,764,043	\$ 95,820	\$ 14,259,849	\$ -
Employee contributions	-	-	-	-	12,046,564
Total operating revenues	10,399,986	3,764,043	95,820	14,259,849	12,046,564
OPERATING EXPENSES					
Landfill	7,018,146	-	-	7,018,146	-
Administrative and general	2,691,716	3,189,693	180,102	6,061,511	1,649,075
Operations and maintenance	-	-	60,429	60,429	-
Depreciation	873,449	388,291	87,134	1,348,874	-
Claims and payments to third party administrators	-	-	-	-	13,555,639
Total operating expenses	10,583,311	3,577,984	327,665	14,488,960	15,204,714
Operating income (loss)	(183,325)	186,059	(231,845)	(229,111)	(3,158,150)
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental	30,570	-	-	30,570	-
Investment earnings	214,133	-	3,287	217,420	15,119
Gain on disposal of capital assets	88,460	-	-	88,460	-
Interest expense	(200,426)	(161,420)	-	(361,846)	-
Total non-operating revenue (expenses)	132,737	(161,420)	3,287	(25,396)	15,119
Income (loss) before transfers	(50,588)	24,639	(228,558)	(254,507)	(3,143,031)
Transfers in	126,510	-	-	126,510	2,626,520
Change in net position	75,922	24,639	(228,558)	(127,997)	(516,511)
Net position, beginning of year	10,928,732	3,580,765	2,017,548	16,527,045	2,072,370
Net position, end of year	\$ 11,004,654	\$ 3,605,404	\$ 1,788,990	\$ 16,399,048	\$ 1,555,859

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, 2019

	Solid Waste Landfill Fund	SportsPlex Fund	Nonmajor Fund Efland Sewer Operating Fund	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 10,577,760	\$ 3,835,202	\$ 95,820	\$ 14,508,782	\$ 12,291,178
Payments to suppliers	(5,329,166)	(2,149,727)	(304,961)	(7,783,854)	(15,339,430)
Payments to employees	(4,155,055)	(1,352,320)	-	(5,507,375)	-
Net cash provided by (used in) operating activities	1,093,539	333,155	(209,141)	1,217,553	(3,048,252)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	126,510	-	-	126,510	2,626,520
Net cash provided by non-capital financing activities	126,510	-	-	126,510	2,626,520
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases and acquisition of capital assets	(751,111)	(1,637,192)	-	(2,388,303)	-
Receipt of intergovernmental revenues	30,570	-	-	30,570	-
Proceeds from issuance of debt	1,375,000	-	-	1,375,000	-
Principal payments on long-term debt	(564,369)	(474,498)	-	(1,038,867)	-
Bond premium	225,289	-	-	225,289	-
Proceeds from the sale of assets	88,460	-	-	88,460	-
Interest paid and fiscal fees paid	(243,547)	(180,553)	-	(424,100)	-
Net cash provided by (used in) capital and related financing activities	160,292	(2,292,243)	-	(2,131,951)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	214,133	-	3,286	217,419	15,119
Net cash provided by investing activities	214,133	-	3,286	217,419	15,119
Net increase (decrease) in cash and cash equivalents	1,594,474	(1,959,088)	(205,855)	(570,469)	(406,613)
Cash and cash equivalents, beginning of year	13,136,166	2,410,294	297,387	15,843,847	2,769,276
Cash and cash equivalents, end of year	\$ 14,730,640	\$ 451,206	\$ 91,532	\$ 15,273,378	\$ 2,362,663
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (183,325)	\$ 186,059	\$ (231,845)	\$ (229,111)	\$ (3,158,150)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	873,449	388,291	87,134	1,348,874	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
(Increase) decrease in accounts receivable	177,774	(9,804)	-	167,970	244,614
Increase (decrease) in accounts payable	44,616	(265,339)	(67,918)	(288,641)	-
Increase (decrease) in deferred charges on refunding	-	3,280	-	3,280	-
Increase (decrease) in accrued payroll withholdings	(32,408)	8,636	-	(23,772)	-
Increase in accrued liabilities	238	22,032	3,488	25,758	-
Increase in postclosure liability	128,957	-	-	128,957	-
Increase in compensated absences payable	11,013	-	-	11,013	-
Decrease in claims payable	-	-	-	-	(134,716)
Increase in pension related items	73,225	-	-	73,225	-
Net cash provided by (used in) operating activities	\$ 1,093,539	\$ 333,155	\$ (209,141)	\$ 1,217,553	\$ (3,048,252)

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

ORANGE COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

ASSETS	Agency Funds	OPEB Trust Fund
Cash and cash equivalents	\$ 1,168,003	\$ 88
Investments:		
Fixed Income Fund	-	474
Equity Index Fund	-	300,379
Taxes receivable	352,327	-
Other receivable	124,802	-
	<u>1,645,132</u>	<u>-</u>
Total assets	<u>\$ 1,645,132</u>	<u>\$ 300,941</u>
 LIABILITIES		
Due to others	\$ 1,292,805	\$ -
Uncollected taxes	352,327	-
	<u>1,645,132</u>	<u>-</u>
Total liabilities	<u>\$ 1,645,132</u>	<u>-</u>
 NET POSITION		
Net position restricted for OPEB benefits		<u>\$ 300,941</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 FISCAL YEAR ENDED JUNE 30, 2019

	OPEB Trust Fund
ADDITIONS	
Employer contributions	\$ 2,477,527
Investment income:	
Net appreciation of fair value of investments	17,163
Net investment income	17,163
Total additions	2,494,690
DEDUCTIONS	
Benefit payments	2,477,527
Total deductions	2,477,527
Change in net position	17,163
NET POSITION RESTRICTED FOR OPEB BENEFITS	
Beginning of year	283,778
End of year	\$ 300,941

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

NOTES TO THE FINANCIAL STATEMENTS



ORANGE COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Orange County, North Carolina (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

A. Reporting Entity

Orange County, North Carolina (the "County"), was founded in 1752 and is located in the northcentral portion of North Carolina on the Piedmont Plateau. The County has a commissioner/manager form of government with a seven-member elected Board of Commissioners comprising the governing body. The County provides the following services to its citizens: public health, public safety, mental health, social service programs, planning and zoning, cultural and recreational programs, and housing and community development service programs. In addition, inspections, environmental resources, land records, and vital statistics information are provided. Elementary and secondary education is provided by the State through locally elected educational boards with the assistance of the County.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of their operational and financial relationship with the County. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

The Orange County Alcoholic Beverage Control Board (the "ABC Board") operates retail liquor stores within the County and investigates violations of laws pertaining to retail liquor sales. The five members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. Complete separate financial statements for the ABC Board may be obtained at its administrative office:

Orange County ABC Board
122 Highway 70 East
Hillsborough, North Carolina 27278

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the County's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers most revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes which use a 60 day period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, individual major funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Property Revaluation Fund is a legally budgeted fund under North Carolina General Statutes, which for reporting purposes is presented in the General Fund. The Community Loan Fund is also presented in the General Fund, for reporting purposes.

The **County Capital Improvements** fund is used to account for the financial resources used the acquisition, renovation, and improvement of public facilities.

The **School Capital Improvements** fund is used to account for the financial resources used the construction, acquisition, and renovation of public school facilities.

The County reports the following major enterprise funds:

The **Solid Waste Landfill Fund** accounts for the revenues and expenses related to the provision of solid waste disposal and recycling activities for the citizens of Orange County.

The **SportsPlex Fund** accounts for the operation, maintenance and development of the Triangle SportsPlex.

Additionally, the County reports the following fund types:

The **special revenue funds** are used to account for specific revenues, such as various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The **capital projects funds** account for financial resources to be used for the acquisition and construction of major capital projects

The **enterprise fund** accounts for the maintenance and development of the County's sewer system in Efland.

The **internal service funds** account for the County's partially self-insured health and dental benefits plan which charges the other funds of the County for the insurance claims.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **fiduciary funds** consist of two types, the first is agency funds, which are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: School District Fund, which accounts for the collection and disbursement of taxes for the Chapel Hill-Carrboro City School District for which the County acts as an agent; the Cooperative Extension 4-H Fund, which accounts for the receipts and disbursement of funds on behalf of the 4-H program advisory board; American Stone No Fault Well Repair Fund, which accounts for funds made available from American Stone and the Orange Water and Sewer Authority for residents within 3,000 feet of the perimeter of the American Stone Quarry to repair or replace residential wells that fail for any reason other than as the probable result of American Stone quarry operation; Communication Tower Trust Fund, which is used to account for application fees paid to the County by telecommunication companies, with these fees being used to pay costs associated with determining tower location and construction with unused fees being returned to the telecommunication companies; Jail Inmate Trust Fund, which accounts for the receipts from jail inmates who are incarcerated in the County jail; the DSS Trust Fund that accounts for funds held by the County for subsistence needs of specific social service clients; the Mental Health Insurance Fund, which accounts for the funds received from Orange Person Chatham "OPC" Mental Health Developmental Disabilities and Substance Abuse Authority and its former employees to cover insurance costs for retirees; the Orange County Giving Fund, which accounts for donor specific contributions to targeted initiatives; and the Crop Loan Fund, which accounts for the purchase of North Carolina grown products to be used by clients of the Piedmont Food and Agricultural Processing Center.

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

In accounting and reporting for its proprietary operations, the government applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which did not conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any inter-fund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgets

Annual appropriated budgets are adopted for all funds, with the exception of capital projects funds, the Community Development Fund, Grant Projects Fund, and the Adoption Enhancement Fund, for which project length budgets are adopted. Additionally, the County did not adopt a budget for the Recreation Subdivision Fund, Heusner Fund, Library Development Fund, the School Capital Reserve Fund, the Community Loan Fund, or the Vehicle Replacement Fund. In accordance with State law, the budgets adopted for the enterprise funds are adopted on the modified accrual basis of accounting, and a reconciliation is provided along with the budget schedule to reconcile from the modified accrual basis to the accrual basis. The governmental funds' budgets are adopted on a basis other than accounting principles generally accepted in the United States of America. Budgets are adopted to show use of fund balance as other financing sources for both governmental and proprietary funds, as well as the proprietary funds are budgeted on the modified accrual basis of accounting. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General fund, special revenue funds, and the enterprise funds. During the fiscal year ended June 30, 2019, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All budget appropriations lapse at the end of each year.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. The County pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Any deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of State or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The securities of the NCCMT- Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT- Term Portfolio's securities are valued at fair value.

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

F. Restricted cash and cash equivalents

The County has restricted cash and cash equivalents related to unspent proceeds from long-term debt issued by the County Capital Improvements and School Capital Improvements Fund. These proceeds are held to be disbursed as costs are incurred on the financed construction projects.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2017.

H. Allowances

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing any currently doubtful accounts as well as the percentage of receivables that were written off in prior years.

I. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances."

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

J. Inventories

All inventories are valued at average cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories of the enterprise funds are recorded as expenses when consumed rather than when purchased.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The County holds title to certain Orange County Board of Education and Chapel Hill-Carrboro City Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Orange County Board of Education and Chapel Hill-Carrboro City Board of Education.

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Buildings and land improvements	20-30 years
Automotive equipment	3-5 years
Office and other equipment	5-20 years
Sewer lines	40 years

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item that qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred, as either a deferred outflow or deferred inflow of resources, and amortized over the shorter of the life of the refunded debt or the refunding debt.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item that qualifies for reporting in this category which occurs in the governmental activities and governmental funds. The County reports a deferred inflow of resources for the property taxes paid in advance of the period they were intended to finance. Additionally, the County reports one (1) item which is reported as a deferred inflow of resources which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the accrual of ad valorem taxes and intergovernmental revenues which are earned by the County but are not considered available for the liquidation of current expenditures. Additionally, deferred inflows of resources are reported for outstanding lien receivables which are not collected within 90 days of the County's fiscal year-end.

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability – LGERS, net pension liability – ROD, total pension liability – 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

Permanent employees of the County can earn vacation leave at the rate of 12 days per year for the first two years up to a maximum of 24 days per year after 20 years. Vacation leave may be accumulated with a maximum until January 31 of each year. On that date, any accumulated vacation leave in excess of 240 hours is converted to sick leave. The maximum amount of vacation leave that can be carried forward to February 1 is 240 hours. At termination, employees are paid for any accumulated vacation leave. These amounts are paid from the same fund to which the employee's salary is charged. Permanent employees of the County earn sick leave at a rate of 12 days per year. There is no limit on the accumulation of sick leave for the County. Sick leave does not vest with employees and therefore the County does not report a liability for unused sick leave.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. One component of the restricted fund balance of the General Fund relates to the Stabilization by State Statute (*G.S. 159-8(a)*) which requires total fund balance less the fund balance available for appropriation equals the total amount that must be restricted.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the County's Board of Commissioners. Approval of a resolution after a formal vote of the County's Board is required to establish a commitment of fund balance. Similarly, the County's Board may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The County's Board of Commissioners, through County Ordinance, has expressly delegated to the County Manager the authority to assign funds for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets.

Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. As with many counties in the State of North Carolina, the County’s deficit in unrestricted net position is due primarily to the portion of the County’s outstanding general obligation and installment debt totaling approximately \$158.2 million incurred for the Orange County Board of Education and Chapel Hill-Carrboro City Board of Education (the “school system”). Under North Carolina law, the County is responsible for providing school system capital funding and has done so using a mixture of County funds and general obligation debt. The deficit results because the debt is recorded on the County’s financial statements as the issuing government, while the related assets are owned, operated, and recorded in the school system’s financial statements.

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

Q. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and the Register of Deeds’ Supplemental Pension Fund (RODSPF) and additions to/deductions from LGERS’ and RODSPF’s fiduciary net position have been determined on the same basis as they are reported by LGERS and RODSPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's 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.

S. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$260,399,232 difference are as follows:

Installment notes	\$ (112,389,455)
Installment notes premiums	(6,957,768)
Bonds payable	(125,740,000)
Bond premium	(9,475,663)
Deferred outflow of resources - deferred charges on refunding	3,429,373
Revolving loan payable	(2,097,037)
Accrued interest payable	(2,578,607)
Claims payable, not accounted for in an internal service fund	(602,955)
Compensated absences (i.e., vacation)	<u>(3,987,120)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (260,399,232)</u></u>

Another element of that reconciliation explains that “the net pension liability (asset), total pension liability, net OPEB liability, and related deferred inflows and outflows of resources related to the County’s defined benefit pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.” The details of this \$112,493,226 difference are as follows:

Total pension liability and related deferred inflows and outflows of resources - Law Enforcement Officers' Special Separation Allowance (LEOSSA) - pension plan	\$ (3,810,581)
Net pension liability and related deferred inflows and outflows of resources - LGERS - pension plan	(4,109,336)
Net OPEB liability and related deferred inflows and outflows of resources	(104,798,535)
Net pension asset and related deferred inflows and outflows of resources - Register of Deeds Retirement Plan - pension plan	<u>225,226</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (112,493,226)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,611,554 difference are as follows:

Capital outlay	\$ 9,098,502
Depreciation expense	<u>(5,486,948)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 3,611,554</u>

Another element of the reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$61,816,413 difference are as follows:

Debt service payments on long-term liabilities	\$ 21,929,818
Issuance of long-term liabilities	(77,160,000)
Issuance of bond premium	<u>(6,586,231)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ (61,816,413)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$4,673,023 difference are as follows:

Compensated absences (i.e., vacation)	\$ (258,631)
Change in accrued interest	(431,199)
Amortization of premium and deferred charges	2,777,620
Claims payable, not accounted for in an internal service fund	51,760
Net pension liability and related deferred outflows and inflows - LGERS	(1,656,939)
Total pension liability and related deferred outflows and inflows - LEOSSA	(139,194)
Net pension asset and related deferred outflows and inflows- ROD	(22,481)
Net OPEB liability and related deferred outflows and inflows	<u>(4,993,959)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ (4,673,023)</u></u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures in Excess of Appropriations. The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the County will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund. Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the County Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

The following is a list of the funds and departments which reported expenditures in excess of approved budgets:

General Fund

Community services:

Orange public transportation	\$	109,357
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General government:

Board of county commissioners		19,787
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Non-departmental		283,347
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Public safety:

Criminal justice		70,823
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Non-departmental		11,094
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Support services:

Information technologies		100,022
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Non-departmental		154,260
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Grant Supported Fund

Human services		5,355
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Visitors Bureau Fund

General government		7,394
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Solid Waste Fund

Debt service:		11,036
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The over expended departments were funded through greater than anticipated revenues and other savings noted in other departments within the funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2019 are summarized as follows:

Statement of Net Position:

Cash and cash equivalents	\$ 88,817,827
Restricted cash and cash equivalents	87,522,942
Fiduciary - agency funds	1,168,003
	<u>\$ 177,508,772</u>
Cash deposited with financial institutions	\$ 21,675,028
Cash deposited with NCCMT	155,833,744
	<u>\$ 177,508,772</u>

In addition to the above, the County's OPEB Trust Fund includes \$88 of cash equivalents invested with the State Treasurer's Short Term Investment Fund.

Credit risk. State statutes and the County's policies authorize the County to invest in obligations of the State of North Carolina or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the North Carolina Capital Management Trust (NCCMT); and obligations of other political subdivisions of the state of North Carolina. The County does not have a credit rating policy which provides restrictions or limitations on credit ratings for the County's investments.

As of June 30, 2019, the County had \$155,833,744 invested in the NCCMT's cash portfolio which carried a credit rating of AAAm by Standard and Poor's. The NCCMT's cash portfolio is valued using amortized costs. The County has no policy regarding credit risk.

At June 30, 2019, the Orange County OPEB Trust Fund had \$300,941 invested in the State Treasurer's Local Government Other Postemployment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the County's OPEB Trust investment in the State Treasurer's OPEB Trust was invested as follows: State Treasurer's BIF 0.2% and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 99.8%.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The County's OPEB Trust Fund has the following recurring fair value measurements as of June 30, 2019: (1) The State Treasurer's STIF assets (\$88) are valued using level 1 inputs; (2) the State Treasurer's BIF (\$474) is valued using level 2 inputs; and (3) the Blackrock's MSCI ACWE EQ Index Non-Lendable Class B Fund (\$300,379) is valued using level 3 inputs.

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

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF had a weighted average maturity of 1.3 years at June 30, 2019. The State Treasurer's BIF had a weighted average maturity of 7.81 years at June 30, 2019. The County's investments with the NCCMT reported a weighted-average duration of 0.11 years at June 30, 2019.

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

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2019, the County's deposits are insured or collateralized as required by GASB and state statutes.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at June 30, 2019, for the County's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>County Capital Improvements</u>	<u>Solid Waste Landfill</u>	<u>SportsPlex</u>	<u>Other Governmental</u>
Receivables:					
Taxes	\$ 4,261,177	\$ -	\$ -	\$ -	\$ 247,064
Accounts	1,141,877	78,910	460,779	34,486	2,461,640
Due from other governments	13,587,196	-	-	-	-
Less allowance for uncollectible	(2,046,432)	-	(60,671)	-	-
Net total receivables	<u>\$ 16,943,818</u>	<u>\$ 78,910</u>	<u>\$ 400,108</u>	<u>\$ 34,486</u>	<u>\$ 2,708,704</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the County for the year ended June 30, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Nondepreciable capital assets:				
Land and easements	\$ 19,898,414	\$ 175,520	\$ -	\$ 20,073,934
Intangible rights	481,624	-	-	481,624
Construction in progress	22,444,421	5,173,533	-	27,617,954
Total	<u>42,824,459</u>	<u>5,349,053</u>	<u>-</u>	<u>48,173,512</u>
Capital assets, being depreciated:				
Buildings and improvements	97,323,589	439,649	-	97,763,238
Leasehold improvements	3,411,653	-	-	3,411,653
Automotive equipment	10,727,144	997,883	(671,928)	11,053,099
Other equipment	11,765,547	2,311,917	(485,282)	13,592,182
Total	<u>123,227,933</u>	<u>3,749,449</u>	<u>(1,157,210)</u>	<u>125,820,172</u>
Less accumulated depreciation for:				
Buildings and improvements	(45,319,734)	(2,933,920)	-	(48,253,654)
Leasehold improvements	(1,449,955)	(170,583)	-	(1,620,538)
Automotive equipment	(9,317,058)	(1,004,792)	467,586	(9,854,264)
Other equipment	(8,121,669)	(1,377,653)	485,282	(9,014,040)
Total	<u>(64,208,416)</u>	<u>(5,486,948)</u>	<u>952,868</u>	<u>(68,742,496)</u>
Total capital assets being depreciated, net	<u>59,019,517</u>	<u>(1,737,499)</u>	<u>(204,342)</u>	<u>57,077,676</u>
Governmental activities capital assets, net	<u>\$ 101,843,976</u>	<u>\$ 3,611,554</u>	<u>\$ (204,342)</u>	<u>\$ 105,251,188</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Solid Waste Landfill:				
Nondepreciable capital assets:				
Land	\$ 824,593	\$ -	\$ -	\$ 824,593
Construction in progress	3,184,807	-	-	3,184,807
Total	<u>4,009,400</u>	<u>-</u>	<u>-</u>	<u>4,009,400</u>
Capital assets, being depreciated:				
Land improvements	3,956,457	-	-	3,956,457
Buildings	5,084,038	-	-	5,084,038
Equipment	10,890,682	671,736	(288,969)	11,273,449
Total	<u>19,931,177</u>	<u>671,736</u>	<u>(288,969)</u>	<u>20,313,944</u>
Less accumulated depreciation for:				
Land improvements	(3,415,696)	(18,011)	-	(3,433,707)
Buildings	(1,581,190)	(163,499)	-	(1,744,689)
Equipment	(9,664,099)	(691,939)	288,969	(10,067,069)
Total	<u>(14,660,985)</u>	<u>(873,449)</u>	<u>288,969</u>	<u>(15,245,465)</u>
Total capital assets being depreciated, net	<u>5,270,192</u>	<u>(201,713)</u>	<u>-</u>	<u>5,068,479</u>
Solid Waste Landfill capital assets, net	<u>\$ 9,279,592</u>	<u>\$ (201,713)</u>	<u>\$ -</u>	<u>\$ 9,077,879</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Efland Sewer Operating Fund:				
Nondepreciable capital assets:				
Land right of way	\$ 57,117	\$ -	\$ -	\$ 57,117
Total	<u>57,117</u>	<u>-</u>	<u>-</u>	<u>57,117</u>
Capital assets, being depreciated:				
Sewer Lines	3,707,847	-	-	3,707,847
Less accumulated depreciation	(1,689,396)	(87,134)	-	(1,776,530)
Total capital assets being depreciated, net	<u>2,018,451</u>	<u>(87,134)</u>	<u>-</u>	<u>1,931,317</u>
Efland Sewer Operating Fund capital assets, net	<u>\$ 2,075,568</u>	<u>\$ (87,134)</u>	<u>\$ -</u>	<u>\$ 1,988,434</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
SporstPlex				
Nondepreciable capital assets:				
Land	\$ 794,466	\$ -	\$ -	\$ 794,466
Construction in progress	1,754,657	1,556,229	-	3,310,886
Total	<u>2,549,123</u>	<u>1,556,229</u>	<u>-</u>	<u>4,105,352</u>
Capital assets, being depreciated:				
Buildings	8,367,420	-	-	8,367,420
Equipment	589,143	-	-	589,143
Total	<u>8,956,563</u>	<u>-</u>	<u>-</u>	<u>8,956,563</u>
Less accumulated depreciation for:				
Buildings	(3,055,877)	(305,418)	-	(3,361,295)
Equipment	(411,256)	(82,873)	-	(494,129)
Total	<u>(3,467,133)</u>	<u>(388,291)</u>	<u>-</u>	<u>(3,855,424)</u>
Total capital assets being depreciated, net	<u>5,489,430</u>	<u>(388,291)</u>	<u>-</u>	<u>5,101,139</u>
SportsPlex Fund capital assets, net	<u>\$ 8,038,553</u>	<u>\$ 1,167,938</u>	<u>\$ -</u>	<u>\$ 9,206,491</u>

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

Governmental activities:	
Community services	\$ 337,662
General government	83,757
Public safety	1,489,155
Human services	107,071
Support services	<u>3,469,303</u>
Total depreciation expense - governmental activities	<u>\$ 5,486,948</u>
Business-type activities:	
Solid Waste Landfill	\$ 873,449
SportsPlex	388,291
Efland Sewer Operating	<u>87,134</u>
Total depreciation expense - business-type activities	<u>\$ 1,348,874</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2019 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds - direct placement	\$ 71,185,000	\$ 64,400,000	\$ (9,845,000)	\$ 125,740,000	\$ 10,010,000
Bond premium	7,244,318	4,495,553	(2,264,208)	9,475,663	-
General obligation bonds	<u>78,429,318</u>	<u>68,895,553</u>	<u>(12,109,208)</u>	<u>135,215,663</u>	<u>10,010,000</u>
Installment notes - direct borrowings and direct placement	111,568,633	12,760,000	(11,939,178)	112,389,455	11,873,518
Notes premium	5,804,972	2,090,678	(937,882)	6,957,768	-
Installment notes payable	<u>117,373,605</u>	<u>14,850,678</u>	<u>(12,877,060)</u>	<u>119,347,223</u>	<u>11,873,518</u>
Revolving loan - direct borrowing	2,242,677	-	(145,640)	2,097,037	145,640
Net pension liability - LGERS	10,932,395	10,188,577	(4,033,779)	17,087,193	-
Total pension liability - LEOSA	4,016,727	519,273	(358,844)	4,177,156	-
Compensated absences	3,728,489	1,432,143	(1,173,512)	3,987,120	2,392,272
Claims payable	654,715	231,902	(283,662)	602,955	602,955
Net OPEB liability	<u>95,924,108</u>	<u>14,082,983</u>	<u>(3,288,396)</u>	<u>106,718,695</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 313,302,034</u>	<u>\$ 110,201,109</u>	<u>\$ (34,270,101)</u>	<u>\$ 389,233,042</u>	<u>\$ 25,024,385</u>
Business-type activities:					
Installment notes - direct borrowings and direct placement	\$ 11,164,960	\$ 1,375,000	\$ (1,038,867)	\$ 11,501,093	\$ 1,055,541
Notes premium	328,071	225,289	(56,717)	496,643	-
Installment notes	<u>11,493,031</u>	<u>1,600,289</u>	<u>(1,095,584)</u>	<u>11,997,736</u>	<u>1,055,541</u>
Postclosure liability	5,719,114	305,075	(176,118)	5,848,071	217,800
Net pension liability - LGERS	649,884	597,567	(244,825)	1,002,626	-
Compensated absences	241,826	158,527	(147,514)	252,839	151,704
Long-term liabilities	<u>\$ 18,103,855</u>	<u>\$ 2,661,458</u>	<u>\$ (1,664,041)</u>	<u>\$ 19,101,272</u>	<u>\$ 1,425,045</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

All general obligation bonds, serviced by the County's General Fund, are collateralized by full faith, credit, and taxing power of the County. The outstanding balances for the bonds as of June 30, 2019 are as follows:

<i>Governmental activities</i>	<u>Balance as of June 30, 2019</u>
\$22,455,000 2010 Refunding serial bond, due in annual installments of \$150,000 to \$3,070,000 through February 1, 2022; interest at 2.00% to 4.00%	\$ 7,850,000
\$24,440,000 2011 Refunding serial bond, due in semi-annual installments of \$20,550 to, \$6,890,250 through February 1, 2023; interest at 2.00% to 4.00%	16,700,000
\$13,300,000 2012 Refunding serial bond, due in semi-annual installments through April 30, 2021; interest at 2.00-4.00%	8,860,000
\$5,900,000 2017 Series A bond, due in annual installments of \$500,000 to \$630,000 through February 1, 2028; interest at 4.00-5.00%	5,400,000
\$21,000,000 2017 Series B bond, due in annual installments of \$410,000 to \$1,470,000 through February 1, 2038; interest at 2.15-5.00%	21,000,000
\$2,500,000 2017 Series C bond, due in annual installments of \$560,000 to \$970,000 through February 1, 2021; interest at 1.55-1.90%	1,530,000
\$64,400,000 2018 Series bond, due in annual installments of \$3,575,000 to \$3,580,000 through August 1, 2038; interest at 3.00-5.00%	64,400,000
Total outstanding general obligation bonds payable	<u>\$ 125,740,000</u>

Of the amount serviced by the County's General Fund shown above, \$111,948,968 is considered to be school bond debt.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2020	\$ 10,010,000	\$ 4,683,739	\$ 14,693,739
2021	13,930,000	4,330,815	18,260,815
2022	16,090,000	3,742,075	19,832,075
2023	6,420,000	3,167,825	9,587,825
2024	5,050,000	2,874,225	7,924,225
2025-2029	25,250,000	10,613,958	35,863,958
2030-2034	25,235,000	5,825,699	31,060,699
2035-2039	23,755,000	1,902,740	25,657,740
Total	<u>\$ 125,740,000</u>	<u>\$ 37,141,076</u>	<u>\$ 162,881,076</u>

As of June 30, 2019, the County has \$47.9 million of authorized but unissued bonds.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable

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

	<u>Balance as of June 30, 2019</u>
<i>Business-type activities</i>	
<i>Solid Waste Landfill Fund:</i>	
\$1,819,022 Direct Placement - Refunding 2011 Limited obligation bond, due in annual installments of \$106,136 to \$182,211 through October 1, 2027; interest at 2.00% to 5.00%.	\$ 336,417
\$2,711,195 Direct Placement - Refunding 2012 Limited obligation bond, due in annual installments of \$51,944 to \$213,292 through October 1, 2033; interest at 2.00% to 5.00%.	1,027,386
\$1,034,661 Direct Placement - 2015 Limited obligation bond, due in annual installments of \$13,892 to \$110,360 through April 1, 2035; interest at 2.00% to 5.00%.	693,804
\$164,500 Direct Borrowing - Installment note payable (2016), due in annual payments of \$10,948 to \$11,004; interest at 2.55% through May 13, 2031.	131,488
\$543,953 Direct Borrowing - Installment note payable (2016), due in annual payments of \$72,686 to \$83,207; interest at 2.30% through May 13, 2023.	321,351
\$562,719 Direct Borrowing - Installment note payable (2017), due in annual payments of \$36,883 to \$22,798; interest at 2.83% through June 1, 2037.	488,700
\$1,152,393 Direct Placement - Installment note payable (2017), due in annual payments of \$49,000 to \$281,000; interest at 4.00% to 5.00% through October 1, 2032.	1,152,393
\$335,000 Direct Placement - Installment note payable (2018), due in annual payments of \$60,000 to \$75,000; interest at 3.25% to 5.00% through April 1, 2037.	275,000
\$1,375,000 Direct Placement - Installment note payable (2019), due in annual installments of \$20,400 to \$193,750; interest at 4.00% to 5.00% through October 1, 2039.	1,375,000
<i>SportsPlex Fund:</i>	
\$1,149,150 Direct Placement - Refunding 2011 Limited obligation bond, due in annual installments of \$67,050 to \$204,630 through October 1, 2027; interest at 2.00% to 5.00%	212,456
\$3,981,477 Direct Placement - 2015 Limited obligation bond, due in annual installments of \$53,456 to \$424,678 through April 1, 2035; interest at 2.00% to 5.00%	2,669,827
\$2,764,001 Direct Borrowing - Installment note payable (2016), due in annual payments of \$36,883 to \$22,798; interest at 2.83% through June 1, 2037.	2,400,421
\$416,850 Direct Borrowing - Installment note payable (2017), due in annual payments of \$67,000 to \$146,700; interest at 4.00% to 5.00% through October 1, 2032.	416,850
Total outstanding limited obligation bonds payable (installment notes)	<u>\$ 11,501,093</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable (Continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2020	\$ 1,055,541	\$ 515,289	\$ 1,570,830
2021	1,088,200	479,658	1,567,858
2022	1,111,699	433,505	1,545,204
2023	1,112,647	328,340	1,440,987
2024	1,149,351	282,080	1,431,431
2025-2029	3,855,545	733,702	4,589,247
2030-2034	1,522,097	227,109	1,749,206
2035-2039	586,014	39,660	625,674
2040	20,000	400	20,400
Total	<u>\$ 11,501,094</u>	<u>\$ 3,039,743</u>	<u>\$ 14,540,837</u>

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

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

The installment notes are all secured by the underlying assets financed with the borrowings, along with the full faith and taxing authority of the County.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable (Continued)

The County has various installment notes outstanding for buildings, equipment, and vehicle financing arrangements. The outstanding balances for the notes as of June 30, 2019 are as follows:

	Balance as of June 30, 2019
<i>Governmental activities</i>	
Direct Borrowing - Certificate of Participation for \$9,889,439 was issued in January 2011 with annual payments of \$659,296. The note bears an interest rate of 4% to 5% and matures in 2026.	\$ 4,615,071
Direct Placement - 2011 Refunded limited obligation bonds for \$35,336,828 issued in September 2011 with annual payments of \$2,163,291 to \$2,190,966. The bond bears an interest rate of 2% to 5% and matures in 2022.	6,535,997
Direct Placement - 2017 Refunding limited obligation bonds for \$25,550,757 issued in November 2017 with annual payments of \$545,000 to \$5,527,128. The bond bears an interest rate of 4% to 5% and matures in 2032.	25,005,757
Direct Placement - 2012 Refunded limited obligation bonds for \$56,268,805 issued in April 2012 with annual payments of \$3,143,535 to \$4,426,708. The bond bears an interest rate of 2% to 5% and matures in 2024.	21,322,614
Direct Placement - 2018 Limited obligation bonds for \$7,510,000 issued June 2018 with annual payments of \$210,000 to \$840,000. The note bears an interest rate of 3.25% to 5.00% and matures in 2039.	7,175,000
Direct Placement - \$4,136,434 of Qualified School Construction Bonds, due in annual installments of \$275,762 at 0% interest through March 15, 2025.	1,654,575
Direct Placement - 2015 Limited obligation bonds for \$20,110,000 issued in June 2015 with annual payments of \$202,653 to \$1,366,028. The bond bears an interest rate of 2% to 5% and matures in 2035.	10,121,368
Direct Borrowing - note issued by SunTrust Bank for \$6,950,000 was issued in July 2013 with annual payments of \$447,000 to \$500,000. The note bears an interest rate of 2.13% and matures in 2028.	4,304,000
Direct Borrowing - note issued by Sterling Bank for \$10,144,279 was issued in June 2017 with annual payments of \$669,461 to \$410,518. The note bears an interest rate of 2.83% and matures in 2037.	8,809,879
	<i>Continued</i>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Installment Notes (Continued)

<i>Governmental activities (continued)</i>	<u>Balance as of June 30, 2019</u>
Direct Borrowing - note issued by Bank of America for \$10,589,000 was issued in January 2014 with annual payments of \$449,000 to \$1,218,000. The note bears an interest rate of 2.42% and matures in 2029.	5,716,000
Direct Borrowing - note issued by First Bank for \$2,750,000 was issued in May 2016 with annual payments of \$380,052 to \$381,996. The note bears an interest rate of 2.55% and matures in 2031.	4,946,540
Direct Borrowing - note issued by First Bank for \$5,875,000 was issued in May 2016 with annual payments of \$235,879 to \$264,793. The note bears an interest rate of 2.3% and matures in 2023.	1,263,856
Direct Placement - note issued by Bank of New York Mellon for \$12,760,00 was issued in May 2019 with annual payments of \$505,000 to \$930,000. The note bears an interest rate of 4.00% to 5.00% and matures in 2039.	12,760,000
Total outstanding installment notes payable	<u><u>\$ 114,230,657</u></u>

Of the original amount serviced by the County's governmental activities shown above, \$46,216,144 is considered to be school related debt.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2020	\$ 11,873,518	\$ 4,563,456	\$ 16,436,974
2021	12,493,857	4,138,244	16,632,101
2022	12,602,359	3,583,175	16,185,534
2023	11,975,411	3,019,472	14,994,883
2024	11,216,738	2,516,390	13,733,128
2025-2029	34,667,810	6,670,032	41,337,842
2030-2034	11,985,798	2,112,613	14,098,411
2035-2039	5,068,964	527,757	5,596,721
2040	505,000	10,100	515,100
Total	<u><u>\$ 112,389,455</u></u>	<u><u>\$ 27,141,239</u></u>	<u><u>\$ 139,530,694</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

State Revolving Loan Serviced by Governmental Funds

On June 21, 2011, the County was approved for a maximum loan amount of \$3,500,000 from the U. S. Environmental Protection Agency passed through the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Fund. The loan proceeds are being used for the construction of an extension to the Town Efland's Sewer System. The loan is being reported as long-term debt in governmental activities and is repayable at 2.445% for 20 year beginning six months after the completion of the project. Debt service on the loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2020	\$ 145,640	\$ 47,519	\$ 193,159
2021	145,640	44,207	189,847
2022	145,640	40,896	186,536
2023	145,640	37,585	183,225
2024	145,640	34,274	179,914
2025-2029	728,200	121,700	849,900
2030-2034	640,637	38,920	679,557
Total	<u>\$ 2,097,037</u>	<u>\$ 365,101</u>	<u>\$ 2,462,138</u>

Landfill Closure and PostClosure

State and Federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites after closure. The County reported a liability for closure and postclosure care in the Solid Waste Landfill Fund of \$5,848,071. The County's municipal solid waste landfill is no longer accepting waste, has been closed and all estimated postclosure costs have been accrued. Phase 1 of the County's construction and demolition landfill continues to accept waste while the remaining phases have not be opened and are not included in the liability estimate. As of June 30, 2019, the construction and demolition landfill has used approximately 82% of the permitted 292,000 cubic yards of capacity. The remaining costs, not yet accrued for the construction and demolition landfill of \$548,760 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 8. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2019 is as follows:

Advance to/from other funds and due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Efland Sewer Fund	\$ 136,000
General Fund	Nonmajor governmental funds	11,151

The Efland Sewer Fund has a payable to the General Fund for a reimbursement owed for prior financing sources provided to the fund. The balance is expected to be repaid within the next several fiscal years. The interfund balance between the General Fund and nonmajor funds is considered a due to/from and is expected to be repaid within the next fiscal year.

Interfund transfers:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 1,787,600
General Fund	School Capital Improvements Fund	1,700,000
		<u>\$ 3,487,600</u>
County Capital Improvements	General Fund	\$ 220,000
School Capital Improvements	General Fund	\$ 1,493,643
Nonmajor governmental funds	General Fund	\$ 687,783
Nonmajor governmental funds	County Capital Improvements	74,982
		<u>\$ 762,765</u>
Solid Waste Landfill Fund	General Fund	\$ 126,510
Internal Service Funds	General Fund	\$ 2,626,520

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. Transfers from the School Capital Improvements fund were made to move unrestricted investment earnings to cover the related debt service in the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS

Orange County participates in three defined benefit pension plans: the Local Governmental Employees' Retirement System (LGERS), Law Enforcement Officers Special Separation Allowance (LEOSSA), and the Register of Deeds' Supplemental Pension Fund (RODSPF). Only the LGERS and RODSPF are funded with qualifying trusts and accounted for by the County under GASB Statement No. 68. The LEOSSA is reported in accordance with GASB Statement No. 73. The net pension liability (asset), total pension liability, and related deferred outflows of resources and deferred inflows of resources for the LGERS, LEOSSA, and RODSPF are summarized as follows:

	LGERS	LEOSSA	RODSPF	Total
Net pension asset	\$ -	\$ -	\$ 186,682	\$ 186,682
Net pension liability	18,089,819	-	-	18,089,819
Total pension liability	-	4,177,156	-	4,177,156
Deferred outflows of resources related to pensions	13,907,211	541,905	48,835	14,497,951
Deferred inflows of resources related to pensions	148,527	175,330	10,291	334,148

A. Local Governmental Employees' Retirement System

Plan Description. Orange County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the state of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Orange County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Orange County's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Orange County were \$4,073,234 for the year ended June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2019, the County reported a liability of \$18,089,819 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the County's proportion was 0.76253%, which was an increase of 0.00439% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$5,318,755. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,790,829	\$ 93,646
Net difference between projected and actual earnings on pension plan investments	2,483,194	-
Changes in proportion and differences between County contributions and proportionate share of contributions	244,257	54,881
Changes in plan assumptions	4,800,340	-
County contributions subsequent to the measurement date	3,588,591	-
Total	<u>\$ 13,907,211</u>	<u>\$ 148,527</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

County contributions made subsequent to the measurement date of \$4,073,234 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, 2020. 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:

2020	\$ 4,934,639
2021	3,202,366
2022	573,318
2023	1,459,770
Total	<u>\$ 10,170,093</u>

Actuarial Assumptions. The total pension liability as of June 30, 2018 was determined by the December 31, 2017 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 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>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. This represents a reduction from the discount rate used in the prior year rate of 7.20%. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate.

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 43,453,313	\$ 18,089,819	\$ (3,104,313)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the state of North Carolina.

B. Law Enforcement Officers Special Separation Allowance

Plan Description. Orange County administers a public employee retirement system (the "Separation Allowance"), a single employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is administered by the State of North Carolina. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report is not issued for the Plan.

All full time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2017, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	12
Active plan members	89
Total	<u>101</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73 paragraph 4.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate used to measure the total pension liability is the Standard & Poor's 20-year Municipal Bond High Grade Rate Index. Since the prior measurement date, the discount rate has changed from 3.16% to 3.64% due to a change in the Municipal Bond Rate.

The plan currently uses RP-2014 Healthy Annuitant mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$205,236 as benefits came due for the reporting period.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

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

At June 30, 2019, the County reported a total pension liability of \$4,177,156. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$344,430. At June 30, 2019 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 149,151	\$ 175,330
Differences between expected and actual experience	279,183	-
County benefit payments made subsequent to the measurement date.	113,571	-
Total	<u>\$ 541,905</u>	<u>\$ 175,330</u>

An amount of \$113,571 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, 2020. 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	
2020	\$ 62,315
2021	62,315
2022	62,315
2023	58,960
2024	7,099
Total	<u>\$ 253,004</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

Changes in the Total Pension Liability. The changes in the total pension liability of the County for the fiscal year ended June 30, 2019 were as follows:

	<u>Total Pension Liability</u>
Balance at June 30, 2018	\$ 4,016,727
Service cost	158,300
Interest	123,815
Experience differences	237,158
Assumption changes	(161,804)
Contributions	(197,040)
Balance at June 30, 2019	<u>\$ 4,177,156</u>

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

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	<u>1% Decrease (2.64%)</u>	<u>Discount Rate (3.64%)</u>	<u>1% Increase (4.64%)</u>
Total pension liability	\$ 4,522,034	\$ 4,177,156	\$ 3,861,373

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. ROSDPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

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

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,519 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$186,682 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the County's proportion was 1.12710%, which was an increase of 0.00129% from its proportion measured as of June 30, 2017.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2019, the County recognized pension expense of \$29,000. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,646	\$ 8,521
Net difference between projected and actual earnings on pension plan investments	29,755	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,135	1,770
Changes in assumptions	8,780	-
County contributions subsequent to the measurement date	6,519	-
Total	<u>\$ 48,835</u>	<u>\$ 10,291</u>

County contributions made subsequent to the measurement date of \$6,519 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2020	\$ 16,484
2021	2,151
2022	8,769
2023	4,621
Total	<u>\$ 32,025</u>

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

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

NOTES TO FINANCIAL STATEMENTS

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, 2017 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, 2018 is 1.40%, including inflation.

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 3.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

	<u>1% Decrease (2.75%)</u>	<u>Discount Rate (3.75%)</u>	<u>1% Increase (4.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (147,188)	\$ (186,682)	\$ (219,987)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the state of North Carolina.

D. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the state of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Additionally, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$762,679 which consisted of \$446,819 from the County and \$315,860 from the law enforcement officers.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Administration and Benefits. The County, as authorized by the County Commission, administers a single-employer defined benefit Postemployment Healthcare Benefits Plan (the “PHCB Plan”). The PHCB Plan is administered by the County management, under the direction of the County’s Board of Commissioners. The County pays 100 percent of the cost for “maximum retirees” of the County, while “other retirees” are eligible to enroll in the County’s insurance plan, but must pay the full cost. Maximum Retirees are defined as meeting one of the following criteria: (1) employee with thirty (30) or more years of service with at least fifteen (15) of those years with the County; (2) employee with twenty-seven (27) or more years of service and three (3) years of prior military service with at least fifteen (15) of those years with the County; or (3) members of the governing board who have a total of sixteen (16) years of service in office. To qualify as an “other retiree,” employees must meet one of the two following: (1) have twenty-five (25) to twenty-nine (29) years of service with at least ten (10) with the County or (2) have twenty (20) or more years of qualified service with at least ten (10) years with the County. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The County’s Board of Commissioners established and may amend the benefit provisions. A separate report was not issued for the PHCB Plan.

Plan Membership. Membership of the PHCB Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Active participants	945
Retirees and beneficiaries currently receiving benefits	<u>396</u>
Total	<u><u>1,341</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions. The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2019, The County contributed \$2,622 per active employee. Plan members, once retired, contribute to the plan based on number of years of creditable service. The County's contribution is dependent on the employee's number of years of creditable service. Retirees pay a monthly premium of \$370 with up to ten years of creditable service and \$185 with ten to twenty years of creditable service. Retirees with more than twenty years of creditable service do not contribute to the plan. The Board of Commissioners may amend the benefit provisions.

Per a County resolution, the County is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the year ended June 30, 2019, current year benefit payments made by the County were \$2,477,527.

Investments

Investment policy. The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan's discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board's adopted asset allocation policy as of June 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity Index Fund	75.00%	6.75%
Fixed Income Index Fund	15.00%	2.84%
Cash	10.00%	2.32%
Total	<u>100.00%</u>	

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

Rate of return. For the year ended June 30, 2019, the annual money weighted rate of return on investments of the HCB Plan, net of investment expense, was 6.05 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability of the County

The County's total OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	3.50%
Long-term expected rate of return	
on OPEB investments	5.00%, net of investment expenses, including inflation
Healthcare Cost Trend Rate:	7.25% - 4.75%, Ultimate Trend in 2028 (Pre-Medicare)
	5.38% - 4.75%, Ultimate Trend in 2022 (Medicare)
Inflation Rate:	2.50%
Salary increase:	3.50% to 7.35% (LEO) or 7.75% (other), including inflation
Participation rate:	75% to 100%, depending on length of service

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period 2010-2014.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity Index Fund	75.00%	6.75%
Fixed Income Index Fund	15.00%	2.84%
Cash	10.00%	2.32%
Total	<u>100.00%</u>	

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

Discount rate. The discount rate used to measure the net OPEB liability was 3.50 percent. The projection of cash flows used to determine the discount rate assumed that the County will contribute in amounts consistent with its formal contribution policy. Based on those assumptions, the OPEB Trust Fund's fiduciary net position was projected to be available to make projected future benefit payments of current plan members until 2019. Therefore, the long-term expected rate of return on OEPB plan investments was applied to projected benefit payments until 2019 to determine the net OPEB liability. For projected benefit payments of current plan members after 2019, the index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.50 percent as determined by the Bond Buyer 20 year Bond GO Index Rate as of June 30, 2019 – was used. The discount rate of 3.50 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 3.50 percent was a decrease from the discount rate of 3.89 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 (CONTINUED)

Changes in the Net OPEB Liability of the County. The changes in the components of the net OPEB liability of the County for the year ended June 30, 2019, were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/18	\$ 96,207,886	\$ 283,778	\$ 95,924,108
Changes for the year:			
Service cost	3,546,801	-	3,546,801
Interest	3,694,759	-	3,694,759
Differences between expected and actual experience	(793,706)	-	(793,706)
Assumption Changes	6,841,423	-	6,841,423
Contributions—employer	-	2,477,527	(2,477,527)
Net investment income	-	17,163	(17,163)
Benefit payments	(2,477,527)	(2,477,527)	-
Net changes	10,811,750	17,163	10,794,587
Balances at 6/30/19	\$ 107,019,636	\$ 300,941	\$ 106,718,695

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

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

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 125,758,210	\$ 106,718,695	\$ 91,688,374

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25% decreasing to 3.75%) or 1-percentage-point higher (8.25% decreasing to 5.75%) than the current healthcare cost trend rates:

	1% Decrease (6.25% to 3.75%)	Current (7.25% to 4.75%)	1% increase (8.25 to 5.75%)
Net OPEB liability	\$ 89,554,898	\$ 106,718,695	\$ 128,899,763

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2019 and the current sharing pattern of costs between employer and inactive employees.

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$7,471,486. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 403,022	\$ 672,158
Changes in assumptions	5,793,732	3,595,539
Net difference between projected and actual earnings on OPEB plan investments	-	8,897
Total	<u>\$ 6,196,754</u>	<u>\$ 4,276,594</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

Year ending June 30:

2020	\$	244,115
2021		244,115
2022		244,116
2023		246,289
2024		450,666
Thereafter		490,859
Total	\$	<u>1,920,160</u>

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage. For workers' compensation there is a per occurrence retention of \$750,000. The County provides employee health and dental benefits through a self-insured plan provided by Dogwood Insurance Company (DIC). Claims are administered and paid directly from the plan by DIC. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$6,516,502 and a contract period maximum of \$1,000,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and designated an “A” area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$1,000,000 per structure through the NFIP. The County also is eligible to and has purchased commercial flood insurance for another \$5,000,000 of coverage per structure.

A limited risk management program is also maintained for employees' health and dental benefits administered by a third-party administrator. Premiums are paid into the Health and Dental Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. During fiscal year 2019, a total of \$13,704,884 and \$1,649,075 were incurred for benefits and administrative costs for the dental and health plans, respectively.

The County's Internal Service Fund was established to account for an employee self-insurance health benefit program. The purpose of the fund is to pay medical claims of County employees and their covered dependents and minimize the total cost of annual medical insurance to the municipality. Funding is provided by employee contributions and charges to the various funds of the County based upon estimated claim and employee participation. Expected claims are determined annually by the reinsurance carrier. The County carries aggregate stop loss insurance coverage of 125% of annual expected paid claims and individual stop loss coverage of \$100,000 per covered individual and an aggregating specific deductible of \$250,000 through the plan administrator utilizing a reinsurance carrier. The County has recognized a provision for claims incurred, but not reported, in the accompanying financial statements. This provision is estimated based upon actuarial claims history utilizing a two month lag on outstanding claims.

The County participates in the North Carolina Association of County Commissioners' Workers' Compensation Plan for workers' compensation claims up to \$150,000 for each occurrence. The County has reinsurance for all individually claim occurrences in excess of the \$150,000.

The County also purchases commercial insurance to protect against claims for property, general liability, auto liability, public officials, and employee bonds. Claims have not exceeded coverage in the past three years. There have been no significant reductions in insurance coverage in the past three years.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

For the Dental and Health Insurance Internal Service Fund, a total of \$12,654,248 in claims and changes in estimates were incurred for benefits during the year ended June 30, 2019. Changes in the fund's claims liability amounts in the years ended June 30, 2019 and 2018, were as follows:

DENTAL AND HEALTH INSURANCE CLAIMS PAYABLE				
Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2019	\$ 941,520	\$ 12,654,248	\$ 12,788,964	\$ 806,804
2018	1,325,054	10,515,487	10,899,021	941,520

WORKERS COMPENSATION CLAIMS PAYABLE				
Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2019	\$ 654,715	\$ 231,902	\$ 283,662	\$ 602,955
2018	601,224	224,088	170,597	654,715

Litigation:

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Grant Contingencies:

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such disallowances, if any, will not be significant.

Construction Commitments:

The County has active construction projects as of June 30, 2019. At year-end, the County has contractual commitments on uncompleted contracts of approximately \$4,926,036.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. JOINTLY GOVERNED ORGANIZATIONS

Orange Water and Sewer Authority. The Orange Water and Sewer Authority is a public authority created under North Carolina law, which was established for the purpose of providing water and sewer service in a defined area within the County. The Authority has a nine-member governing body with two members appointed by the Orange County Board of Commissioners, two members appointed by the Board of Aldermen of the Town of Carrboro, and five members appointed by the Mayor and Town Council of the Town of Chapel Hill. The County is not responsible for any debt of the Authority or any of its deficits. The County is not entitled to surpluses of the Authority, has no responsibility for the designation of its management, does not have any significant influence over its operations, and the Authority is not accountable to the County for fiscal matters.

Triangle Transit Authority. Orange County, in conjunction with other area local governments, is a member of the Research Triangle Regional Public Transportation Authority. Orange County appoints one member to the governing board. The Authority possesses final decision making ability and is solely responsible for the management, budget, and fiscal operations of the Authority.

NOTE 13. JOINT VENTURES

Orange-Person-Chatham Area Mental Health, Mental Retardation, and Substance Abuse Authority. Mental health, mental retardation, and substance abuse services within the County are provided by a tri-County regional authority. Each County appoints one Commissioner to the Authority's sixteen-member Board. The remaining thirteen members are selected by the three appointed Commissioners. Since the Authority does not have the power to issue debt obligations, any such obligations would be issued by the counties involved. The County is not responsible for the Authority's deficits and is not entitled to its surpluses. It also has no responsibility for the designation of management and does not have significant influence over the operations of the Authority.

The County makes an annual appropriation to the Authority, but the majority of the funding comes from other sources. During the fiscal year ended June 30, 2019, the County contributed \$756,960 to the Authority. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2018. Complete financial statements for the Authority can be obtained from the Authority's offices at 100 Europe Drive, Suite 490, Chapel Hill, North Carolina 27517.

NOTE 14. SUBSEQUENT EVENTS

The County issued Series 2019B Limited Obligation Bonds in November 2019. The bonds were issued for \$29,745,000 with an interest rates ranging from 1.75% through 5.00%, with a maturity in 2040. The proceeds of the bond will be used to finance various capital projects including, the northern campus, building improvements, vehicle purchases, and park improvements, as well as the refunding of five previously issued long-term liabilities.

REQUIRED SUPPLEMENTARY INFORMATION



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

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 3,546,801	\$ 3,733,643	\$ 4,183,701
Interest on total OPEB liability	3,694,759	3,398,954	3,039,332
Difference between expected and actual experience	(793,706)	574,520	-
Changes of assumptions and other inputs	6,841,423	(5,125,557)	(9,448,990)
Benefit payments	(2,477,527)	(3,137,462)	(3,300,768)
Net change in total OPEB liability	10,811,750	(555,902)	(5,526,725)
Total OPEB liability - beginning	96,207,886	96,763,788	102,290,513
Total OPEB liability - ending (a)	\$ 107,019,636	\$ 96,207,886	\$ 96,763,788
Plan fiduciary net position			
Contributions - employer	\$ 2,477,527	\$ 3,137,462	\$ 3,550,768
Net investment income	17,163	23,856	9,922
Benefit payments	(2,477,527)	(3,137,462)	(3,300,768)
Administrative expenses	-	-	-
Net change in plan fiduciary net position	17,163	23,856	259,922
Plan fiduciary net position - beginning	283,778	259,922	-
Plan fiduciary net position - ending (b)	\$ 300,941	\$ 283,778	\$ 259,922
County's net OPEB liability - ending (a) - (b)	\$ 106,718,695	\$ 95,924,108	\$ 96,503,866
Plan fiduciary net position as a percentage of the total OPEB liability	0.28%	0.29%	0.27%
Covered payroll	\$ 47,235,903	\$ 45,902,461	\$ 42,769,990
Net OPEB liability as a percentage of covered payroll	225.9%	209.0%	225.6%

Notes to the Schedule:

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

ORANGE COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION OPEB RETIREMENT PLAN SCHEDULE OF COUNTY CONTRIBUTIONS

	2019	2018	2017	2016
Actuarially determined contribution	\$ 7,192,181	\$ 7,192,181	\$ 6,820,935	\$ 5,374,915
Contributions in relation to the actuarially determined contribution	2,477,527	3,137,462	3,550,768	2,361,272
Contribution deficiency (excess)	\$ 4,714,654	\$ 4,054,719	\$ 3,270,167	\$ 3,013,643
Covered payroll	\$47,235,903	\$45,902,461	\$45,902,461	\$42,769,990
Contributions as a percentage of covered payroll	5.25%	6.84%	7.74%	5.52%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	June 30, 2018
Cost Method	Entry Age
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investment	5.00%, net of investment expenses, including inflation
Projected Salary Increases	3.50% to 7.75%, including 3.5% for inflation
Cost-of-living Adjustment	None
Amortization Method	Level Percentage of Payroll, Assuming 3.50% Payroll Growth
Remaining Amortization Period	27 years, closed
Health Care Cost Trends:	
Pre-Medicare	7.25% for 2018, decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018, decreasing to an ultimate rate of 4.75% by 2022

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

ORANGE COUNTY, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF OPEB INVESTMENT RETURNS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expenses for the County's OPEB Plan	6.1%	0.7%	4.0%

Notes to the Schedule:

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

ORANGE COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
JUNE 30, 2019

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance of the total pension liability	\$ 4,016,727	\$ 3,542,524	\$ 3,494,747
Service Cost	158,300	134,129	135,380
Interest on the total pension liability	123,815	133,794	122,514
Difference between expected and actual experience	237,158	130,316	-
Changes of assumptions or other inputs	(161,804)	228,699	(84,160)
Benefit payments	(197,040)	(152,735)	(125,957)
Ending balance of the total pension liability	<u>\$ 4,177,156</u>	<u>\$ 4,016,727</u>	<u>\$ 3,542,524</u>

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

ORANGE COUNTY, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAST FOUR FISCAL YEARS**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability	\$ 4,177,156	\$ 4,016,727	\$ 3,542,524	\$ 3,494,747
County's covered-employee payroll	\$ 5,161,378	\$ 5,086,750	\$ 4,842,049	\$ 4,190,815
Total pension liability as a percentage of covered-employee payroll	80.93%	78.96%	73.16%	83.39%

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

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

ORANGE COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST SIX FISCAL YEARS*

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.76253%	0.75814%	0.78464%	0.70825%	0.69420%	0.66320%
County's proportion of the net pension liability (asset) (\$)	\$ 18,029,819	\$ 11,582,279	\$ 16,652,689	\$ 3,178,584	\$ (4,094,256)	\$ 7,994,107
County's covered payroll	\$ 47,246,720	\$ 44,203,050	\$ 45,272,812	\$ 43,233,224	\$ 41,507,819	\$ 39,732,374
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.16%	26.20%	36.78%	7.35%	(9.86%)	20.12%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

ORANGE COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

LAST FIVE FISCAL YEARS

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,588,591	\$ 3,841,938	\$ 3,525,190	\$ 3,104,810	\$ 3,041,550
Contributions in relation to the contractually required contribution	3,588,591	3,841,938	3,525,190	3,104,810	3,041,550
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 46,005,737	\$ 47,246,720	\$ 44,203,050	\$ 45,272,812	\$ 43,233,224
Contributions as a percentage of covered payroll	7.80%	8.13%	7.97%	6.86%	7.04%

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Method and assumptions used in calculations of actuarially determined contributions : The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

ORANGE COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST SIX FISCAL YEARS

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension asset (%)	1.12710%	1.12581%	1.15307%	1.09301%	1.05600%	1.11000%
County's proportion of the net pension liability (asset) (\$)	\$ (186,682)	\$ (192,165)	\$ (215,578)	\$ (253,294)	\$ (239,437)	\$ (236,989)
County's covered payroll	82,394	83,374	78,416	76,112	74,594	72,016
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-226.57%	-230.49%	-274.92%	-332.79%	-320.99%	-329.08%
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	194.35%

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

ORANGE COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

LAST FIVE FISCAL YEARS

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 6,519	\$ 6,229	\$ 6,103	\$ 4,573	\$ 8,746
Contributions in relation to the contractually required contribution	6,519	6,229	6,103	4,573	8,746
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 83,580	\$ 82,394	\$ 83,374	\$ 78,416	\$ 76,112
Contributions as a percentage of covered payroll	7.80%	7.56%	7.32%	5.83%	11.49%

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

ORANGE COUNTY, NORTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Local Fire Districts Fund -accounts for the collection of special fire district taxes that are returned quarterly to the fire districts on a budgeted basis.

Grant Supported Fund -accounts for grants awarded for various County departments on the County's fiscal year basis.

Grant Projects Fund -accounts for grants awarded for various County departments on a federal fiscal year basis.

Sheriff Forfeitures Fund -accounts for Federal and State seizure revenues and the expenditures of those restricted revenues.

Community Development Fund -accounts for federal funds used for residential rehabilitation, street improvements, water and sewer, recreational facilities, relocation assistance in low income neighborhoods and affordable housing initiatives. This multi-year project is accounted for on a federal fiscal year basis.

Section 8 Housing Fund -accounts for HUD-funded programs, Section 8 Vouchers Program.

Article 46 Sales Tax Fund -accounts for the revenues received from the Article 46 ¼ cents sales tax and the related project expenditures for the fund.

Emergency Telephone System Fund -accounts for revenues from E-911 subscriber fees and wireless 911 fees and expenditures associated with the purchase and maintenance of emergency communications equipment for the enhanced 911 computer aided dispatch system.

Visitors' Bureau Fund -accounts for proceeds of a 2% County-wide hotel/motel occupancy tax which is used by the Visitors' Bureau to maximize the economic benefit derived from visitors to the County.

Spay/Neuter Fund -accounts for donations and fees received by private individuals to promote pet sterilization throughout the County.

DSS Client Services -accounts for monies collected by Social Services from parents for the fees related to the adoption of a child.

Impact Fee Fund -accounts for fees assessed on new residential development within the County. These fees are to be used for the construction of public school facilities throughout the County.

Recreation Subdivision Fund -accounts for payments received from local developers to assist in construction of recreation projects in and around County subdivisions.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

Heusner Fund -accounts for donations made by private individuals for use in foster care programs administered by the Department of Social Services.

Library Development Fund -accounts for donations made by private individuals for use in the County library.

Capital Project Funds

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

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

ORANGE COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

ASSETS	Special Revenue Funds				
	Local Fire Districts	Grant Supported	Grant Projects	Sheriff Forfeitures	Community Development
Cash and cash equivalents	\$ 1,502,587	\$ 113,232	\$ 748,732	\$ 1,219,319	\$ 839,004
Accounts receivable	-	-	14,086	4,525	1,036,020
Taxes receivable	247,064	-	-	-	-
Total assets	<u>\$ 1,749,651</u>	<u>\$ 113,232</u>	<u>\$ 762,818</u>	<u>\$ 1,223,844</u>	<u>\$ 1,875,024</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ 10,088	\$ 6,413	\$ -	\$ 109,660
Due to other funds	-	-	-	-	-
Payroll withholdings	-	826	1,498	-	9,005
Total liabilities	-	10,914	7,911	-	118,665
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - ad valorem	198,647	-	-	-	-
Total deferred inflows of resources	198,647	-	-	-	-
FUND BALANCES					
Restricted:					
Stabilization by State Statute	-	-	-	-	-
Public safety	1,551,004	-	-	1,223,844	-
Human services	-	55,275	-	-	-
Community services	-	-	-	-	-
Capital projects	-	-	-	-	-
Committed:					
Human services	-	-	-	-	-
Education	-	-	-	-	-
Community services	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	-	-
Human services	-	47,043	754,907	-	1,756,359
Community services	-	-	-	-	-
Total fund balances	<u>1,551,004</u>	<u>102,318</u>	<u>754,907</u>	<u>1,223,844</u>	<u>1,756,359</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,749,651</u>	<u>\$ 113,232</u>	<u>\$ 762,818</u>	<u>\$ 1,223,844</u>	<u>\$ 1,875,024</u>

Special Revenue Funds						
Section 8 Housing	Article 46 Sales Tax	Emergency Telephone System	Visitors Bureau	Spay/Neuter	DSS Client Services	Impact Fees
\$ 366,838	\$ 3,086,811	\$ -	\$ 650,439	\$ 58,663	\$ 144,015	\$ 112,515
-	1,172,817	89,354	144,838	-	-	-
-	-	-	-	-	-	-
<u>\$ 366,838</u>	<u>\$ 4,259,628</u>	<u>\$ 89,354</u>	<u>\$ 795,277</u>	<u>\$ 58,663</u>	<u>\$ 144,015</u>	<u>\$ 112,515</u>
\$ 3,346	\$ 17,974	\$ 6,310	\$ 22,047	\$ 8,215	\$ 113	\$ -
-	-	11,151	-	-	-	-
-	-	4,232	17,853	-	-	-
<u>3,346</u>	<u>17,974</u>	<u>21,693</u>	<u>39,900</u>	<u>8,215</u>	<u>113</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,172,817	-	144,838	-	-	-
-	-	67,661	-	-	-	-
197,053	-	-	-	-	-	-
-	-	-	610,539	-	-	-
-	-	-	-	-	-	112,515
-	-	-	-	-	143,902	-
-	1,928,742	-	-	-	-	-
-	1,140,095	-	-	-	-	-
-	-	-	-	-	-	-
166,439	-	-	-	-	-	-
-	-	-	-	50,448	-	-
<u>363,492</u>	<u>4,241,654</u>	<u>67,661</u>	<u>755,377</u>	<u>50,448</u>	<u>143,902</u>	<u>112,515</u>
<u>\$ 366,838</u>	<u>\$ 4,259,628</u>	<u>\$ 89,354</u>	<u>\$ 795,277</u>	<u>\$ 58,663</u>	<u>\$ 144,015</u>	<u>\$ 112,515</u>

ORANGE COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

ASSETS	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Recreation Subdivision	Heusner	Library Development	School Capital Reserve	County Capital Reserve	
Cash and cash equivalents	\$ 562,700	\$ 9,446	\$ 96,700	\$ 116,991	\$ 4,452,507	\$ 14,080,499
Accounts receivable	-	-	-	-	-	2,461,640
Taxes receivable	-	-	-	-	-	247,064
Total assets	<u>\$ 562,700</u>	<u>\$ 9,446</u>	<u>\$ 96,700</u>	<u>\$ 116,991</u>	<u>\$ 4,452,507</u>	<u>\$ 16,789,203</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,166
Due to other funds	-	-	-	-	-	11,151
Payroll withholdings	-	-	-	-	-	33,414
Total liabilities	-	-	-	-	-	228,731
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - ad valorem	-	-	-	-	-	198,647
Total deferred inflows of resources	-	-	-	-	-	198,647
FUND BALANCES						
Restricted:						
Stabilization by State Statute	-	-	-	-	-	1,317,655
Public safety	-	-	-	-	-	2,842,509
Human services	-	-	-	-	-	252,328
Community services	562,700	9,446	96,700	-	-	1,279,385
Capital projects	-	-	-	-	-	112,515
Committed:						
Human services	-	-	-	-	-	143,902
Education	-	-	-	-	-	1,928,742
Community services	-	-	-	-	-	1,140,095
Assigned:						
Capital projects	-	-	-	116,991	4,452,507	4,569,498
Human services	-	-	-	-	-	2,724,748
Community services	-	-	-	-	-	50,448
Total fund balances	<u>562,700</u>	<u>9,446</u>	<u>96,700</u>	<u>116,991</u>	<u>4,452,507</u>	<u>16,361,825</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 562,700</u>	<u>\$ 9,446</u>	<u>\$ 96,700</u>	<u>\$ 116,991</u>	<u>\$ 4,452,507</u>	<u>\$ 16,789,203</u>

ORANGE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	Local Fire Districts	Grant Supported	Grant Projects	Sheriff Forfeitures	Community Development
REVENUES					
Property taxes	\$ 6,316,297	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental revenues	-	55,146	451,536	536,476	411,387
Charges for services	-	68,901	-	-	-
License and permits	-	-	-	-	-
Investment earnings	21,837	-	-	15,600	5,545
Miscellaneous	-	-	-	-	27,825
Total revenues	6,338,134	124,047	451,536	552,076	444,757
EXPENDITURES					
General government	-	-	-	-	-
Community services	-	-	-	-	-
Public safety	6,199,874	-	15,767	123,283	-
Education	-	-	-	-	-
Human services	-	177,728	498,462	-	1,071,548
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	6,199,874	177,728	514,229	123,283	1,071,548
Excess (deficiency) of revenues over expenditures	138,260	(53,681)	(62,693)	428,793	(626,791)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	47,043	35,000	-	605,740
Transfers out	-	-	-	(25,000)	-
Premium on bond	-	-	-	-	-
Total other financing sources (uses)	-	47,043	35,000	(25,000)	605,740
Net change in fund balances	138,260	(6,638)	(27,693)	403,793	(21,051)
FUND BALANCES, beginning of year	1,412,744	108,956	782,600	820,051	1,777,410
FUND BALANCES, end of year	\$ 1,551,004	\$ 102,318	\$ 754,907	\$ 1,223,844	\$ 1,756,359

Special Revenue Funds						
Section 8 Housing	Article 46 Sales Tax	Emergency Telephone System	Visitors Bureau	Spay/Neuter	DSS Client Services	Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,987,947	-	-	-	-	-
-	-	-	1,671,718	26,355	-	-
4,673,151	-	-	383,876	-	20,480	-
-	-	661,733	-	-	-	-
-	-	-	-	-	-	-
5,166	53,480	8,303	10,177	862	1,882	-
-	2,611	-	1,057	45,309	19,990	-
4,678,317	4,044,038	670,036	2,066,828	72,526	42,352	-
-	-	-	208,052	-	-	-
-	954,364	-	1,870,184	73,484	-	-
-	-	1,341,824	-	-	-	-
-	1,548,429	-	-	-	-	-
4,481,264	-	-	-	-	24,328	-
-	570,443	-	-	-	-	-
-	244,199	-	-	-	-	-
4,481,264	3,317,435	1,341,824	2,078,236	73,484	24,328	-
197,053	726,603	(671,788)	(11,408)	(958)	18,024	-
-	-	74,982	-	-	-	-
-	-	-	-	(12,600)	-	(1,600,000)
-	-	-	-	-	-	-
-	-	74,982	-	(12,600)	-	(1,600,000)
197,053	726,603	(596,806)	(11,408)	(13,558)	18,024	(1,600,000)
166,439	3,515,051	664,467	766,785	64,006	125,878	1,712,515
\$ 363,492	\$ 4,241,654	\$ 67,661	\$ 755,377	\$ 50,448	\$ 143,902	\$ 112,515

ORANGE COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Recreation Subdivision	Heusner	Library Development	School Capital Reserve	County Capital Reserve	
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,316,297
Sales tax	-	-	-	-	-	3,987,947
Other taxes	-	-	-	-	-	1,698,073
Intergovernmental revenues	-	-	-	-	-	6,532,052
Charges for services	-	-	-	-	-	730,634
License and permits	-	-	-	-	-	-
Investment earnings	7,880	-	15	1,649	73,900	206,296
Miscellaneous	10,535	133	-	-	-	107,460
Total revenues	18,415	133	15	1,649	73,900	19,578,759
EXPENDITURES						
General government	-	-	-	-	-	208,052
Community services	-	-	8,052	-	-	2,906,084
Public safety	-	-	-	-	-	7,680,748
Education	-	-	-	-	-	1,548,429
Human services	-	-	-	-	-	6,253,330
Debt service:						
Principal	-	-	-	-	-	570,443
Interest	-	-	-	-	-	244,199
Total expenditures	-	-	8,052	-	-	19,411,285
Excess (deficiency) of revenues over expenditures	18,415	133	(8,037)	1,649	73,900	167,474
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	762,765
Transfers out	-	-	-	-	(150,000)	(1,787,600)
Premium on bond	-	-	-	-	4,495,553	4,495,553
Total other financing sources (uses)	-	-	-	-	4,345,553	3,470,718
Net change in fund balances	18,415	133	(8,037)	1,649	4,419,453	3,638,192
FUND BALANCES, beginning of year	544,285	9,313	104,737	115,342	33,054	12,723,633
FUND BALANCES, end of year	\$ 562,700	\$ 9,446	\$ 96,700	\$ 116,991	\$ 4,452,507	\$ 16,361,825

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, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Ad valorem taxes:				
Property taxes	\$ 157,420,549	\$ 157,420,549	\$ 158,270,134	\$ 849,585
Tax penalties and interest	600,000	600,000	609,266	9,266
Gross receipts tax	80,000	80,000	95,976	15,976
Total ad valorem taxes	158,100,549	158,100,549	158,975,376	874,827
Sales tax:				
Local option sales tax	25,890,242	25,890,242	27,844,579	1,954,337
Intergovernmental revenues:				
Animal tax	185,000	185,000	173,581	(11,419)
Beer and wine tax	275,833	275,833	240,640	(35,193)
Federal and State grants	15,139,655	17,442,050	16,092,230	(1,349,820)
Local grants	933,206	1,011,205	925,894	(85,311)
ABC Board law enforcement distribution	205,672	205,672	161,722	(43,950)
Total intergovernmental revenues	16,739,366	19,119,760	17,594,067	(1,525,693)
Charges for services:				
Register of Deeds	1,967,500	1,967,500	1,872,936	(94,564)
Inspection fees	1,585,760	1,587,910	1,553,474	(34,436)
Health service fees	1,884,336	1,884,336	1,670,490	(213,846)
Aging fees	236,302	241,302	135,722	(105,580)
EMS fees	2,702,000	2,702,000	3,455,409	753,409
Sheriff and court charges	2,400,000	2,412,668	2,501,934	89,266
Other charges	857,607	736,982	1,025,874	288,892
Total charges for services	11,633,505	11,532,698	12,215,839	683,141
Investment earnings	415,000	415,000	1,158,576	743,576
Licenses, permits and fees:				
Privilege licenses	13,000	13,000	12,473	(527)
Franchise fees	300,000	300,000	276,515	(23,485)
Total licenses, permits and fees	313,000	313,000	288,988	(24,012)
Miscellaneous revenues:				
Donations	299,386	344,701	205,629	(139,072)
Rent	323,702	323,702	324,777	1,075
Other	1,331,261	1,395,406	2,049,199	653,793
Total miscellaneous revenues	1,954,349	2,063,809	2,579,605	515,796
Total revenues	215,046,011	217,435,058	220,657,030	3,221,972
				<i>continued</i>

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, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
Current:				
Community Services:				
Animal services	2,153,479	2,219,718	2,128,775	90,943
Cooperative extension	403,955	403,955	358,155	45,800
Department of environment, agriculture, parks & recreation	4,043,556	4,301,781	4,034,292	267,489
Economic development	513,461	540,919	465,733	75,186
Orange public transportation	1,683,734	1,609,711	1,719,068	(109,357)
Planning and inspections	3,208,098	3,342,593	3,147,462	195,131
Recreation municipal	125,108	125,108	125,108	-
Non-departmental	463,698	524,822	413,372	111,450
Total	12,595,089	13,068,607	12,391,965	676,642
General Government:				
Board of county commissioners	902,031	939,661	959,448	(19,787)
Board of elections	766,874	749,348	696,561	52,787
County attorney's office	607,423	654,015	597,439	56,576
County manager's office	2,703,657	2,822,728	2,381,058	441,670
Register of deeds	1,024,923	1,036,690	1,010,351	26,339
Tax administration	3,723,619	3,901,413	3,659,658	241,755
Non-departmental	102,500	102,500	385,847	(283,347)
Total	9,831,027	10,206,355	9,690,362	515,993
Public Safety:				
Courts	61,000	61,541	38,710	22,831
Emergency services	10,777,377	10,867,076	10,053,568	813,508
Sheriff	13,449,193	14,050,328	13,361,007	689,321
Criminal justice	15,000	80,308	151,131	(70,823)
Non-departmental	410,878	413,749	424,843	(11,094)
Total	24,713,448	25,473,002	24,029,259	1,443,743
Human Services:				
Child support services	1,098,035	1,094,426	1,042,666	51,760
Department of social services	19,083,158	20,079,871	18,509,034	1,570,837
Department of aging	2,129,333	2,732,475	2,420,338	312,137
Health department	10,237,510	10,843,519	10,200,250	643,269
Housing, human rights, and community development	611,931	670,726	476,554	194,172
Library services	2,359,059	2,402,344	2,384,632	17,712
Library municipal	568,839	568,839	568,839	-
OPC area program	1,050,187	1,050,187	756,960	293,227
Non-departmental	1,593,394	1,353,262	1,053,008	300,254
Total	38,731,446	40,795,649	37,412,281	3,383,368

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, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Education:				
Current expenditures	84,957,670	84,957,670	84,957,670	-
Fair funding	6,558,428	6,558,428	5,000,525	1,557,903
Durham Tech (Orange campus)	730,144	730,144	730,144	-
Recurring capital	-	-	-	-
Total	92,246,242	92,246,242	90,688,339	1,557,903
Support Services:				
Asset management services	5,593,059	5,777,930	5,770,878	7,052
Community relations	273,439	300,956	280,266	20,690
Finance and administrative services	1,505,605	1,528,034	1,438,825	89,209
Human resources	956,785	1,004,893	956,859	48,034
Information technologies	3,448,016	3,658,422	3,758,444	(100,022)
Non-departmental	1,405,979	267,040	421,300	(154,260)
Total	13,182,883	12,537,275	12,626,572	(89,297)
Debt Service:				
Principal	23,415,710	21,760,710	21,359,375	401,335
Interest	6,532,531	8,187,531	8,159,291	28,240
Total	29,948,241	29,948,241	29,518,666	429,575
Total expenditures	221,248,376	224,275,371	216,357,444	7,917,927
Excess (deficiency) of revenues over expenditures	(6,202,365)	(6,840,313)	4,299,586	11,139,899
Other financing sources (uses)				
Installment notes issued	-	25,800	25,800	-
Proceeds from sale of capital assets	50,000	50,000	12,963	(37,037)
Transfers in	1,637,600	1,787,600	3,487,600	1,700,000
Transfers out	(4,305,334)	(5,822,345)	(5,154,456)	667,889
Total other financing sources (uses)	(2,617,734)	(3,958,945)	(1,628,093)	2,330,852
Revenues and other financing sources over expenditures and other financing uses	(8,820,099)	(10,799,258)	2,671,493	13,470,751
Appropriated fund balance	8,820,099	10,799,258	-	(10,799,258)
Net change in fund balances	-	-	2,671,493	2,671,493
Fund balance, beginning of year	63,535,259	63,535,259	63,535,259	-
Fund balance, end of year	<u>\$ 54,715,160</u>	<u>\$ 52,736,001</u>		<u>\$ 2,671,493</u>
Reconciliation to GAAP statements:				
Change in fund balance in Community Loan Fund			1,434	
			<u>\$ 66,208,186</u>	

ORANGE COUNTY, NORTH CAROLINA

LOCAL FIRE DISTRICTS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,057,908	\$ 6,057,908	\$ 6,316,297	\$ 258,389
Investment earnings	1,966	1,966	21,837	19,871
Total revenues	6,059,874	6,059,874	6,338,134	278,260
EXPENDITURES				
Public safety	6,059,874	6,199,874	6,199,874	-
Excess (deficiency) of revenues over expenditures	-	(140,000)	138,260	278,260
OTHER FINANCING SOURCES				
Appropriated fund balance	-	140,000	-	(140,000)
Net change in fund balances	-	-	138,260	138,260
FUND BALANCE, beginning of year	1,412,744	1,412,744	1,412,744	-
FUND BALANCE, end of year	\$ 1,412,744	\$ 1,272,744	\$ 1,551,004	\$ 138,260

ORANGE COUNTY, NORTH CAROLINA

GRANT SUPPORTED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Restricted intergovernmental	\$ 40,000	\$ 54,000	\$ 55,146	\$ 1,146
Charges for services	50,000	65,308	68,901	3,593
Total revenues	90,000	119,308	124,047	4,739
EXPENDITURES				
Human services	137,043	172,373	177,728	(5,355)
Deficiency of revenues over expenditures	(47,043)	(53,065)	(53,681)	(616)
OTHER FINANCING SOURCES				
Appropriated fund balance	-	6,022	-	(6,022)
Transfers in	47,043	47,043	47,043	-
Total other financing sources	47,043	53,065	47,043	(6,022)
Net change in fund balances	-	-	(6,638)	(6,638)
FUND BALANCE, beginning of year	108,956	108,956	108,956	-
FUND BALANCE, end of year	<u>\$ 108,956</u>	<u>\$ 108,956</u>	<u>\$ 102,318</u>	<u>\$ (6,638)</u>

ORANGE COUNTY, NORTH CAROLINA

GRANT PROJECTS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) PROJECT LIFE AS OF JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total
REVENUES				
Intergovernmental revenues	\$ 14,947,588	\$ 12,145,072	\$ 451,536	\$ 12,596,608
Total revenues	<u>14,947,588</u>	<u>12,145,072</u>	<u>451,536</u>	<u>12,596,608</u>
EXPENDITURES				
Community services	1,343,035	805,430	-	805,430
Public safety	7,281,002	5,019,552	15,767	5,035,319
Human services	<u>7,859,715</u>	<u>6,687,369</u>	<u>498,462</u>	<u>7,185,831</u>
Total expenditures	<u>16,483,752</u>	<u>12,512,351</u>	<u>514,229</u>	<u>13,026,580</u>
Deficiency of revenues over expenditures	(1,536,164)	(367,279)	(62,693)	(429,972)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,661,659	1,245,447	35,000	1,280,447
Transfers out	<u>(125,495)</u>	<u>(95,568)</u>	<u>-</u>	<u>(95,568)</u>
Total other financing sources (uses)	<u>1,536,164</u>	<u>1,149,879</u>	<u>35,000</u>	<u>1,184,879</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 782,600</u>	(27,693)	<u>\$ 754,907</u>
FUND BALANCE, beginning of year			<u>782,600</u>	
FUND BALANCE, end of year			<u>\$ 754,907</u>	

ORANGE COUNTY, NORTH CAROLINA

SHERIFF FORFEITURES

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 872,305	\$ 1,425,075	\$ 536,476	\$ (888,599)
Investment earnings	2,879	16,597	15,600	(997)
Total revenues	875,184	1,441,672	552,076	(889,596)
EXPENDITURES				
Public safety	888,233	1,454,721	123,283	1,331,438
Total expenditures	888,233	1,454,721	123,283	1,331,438
Excess (deficiency) of revenues over expenditures	(13,049)	(13,049)	428,793	441,842
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(25,000)	(25,000)
Proceeds from sale of assets	13,049	13,049	-	(13,049)
Total other financing sources (uses)	13,049	13,049	(25,000)	(38,049)
Net change in fund balances	-	-	403,793	403,793
FUND BALANCE, beginning of year	820,051	820,051	820,051	-
FUND BALANCE, end of year	<u>\$ 820,051</u>	<u>\$ 820,051</u>	<u>\$ 1,223,844</u>	<u>\$ 403,793</u>

ORANGE COUNTY, NORTH CAROLINA
COMMUNITY DEVELOPMENT

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total
REVENUES				
Intergovernmental revenues	\$ 18,909,447	\$ 15,884,798	\$ 411,387	\$ 16,296,185
Charges for services	-	1,329,285	-	1,329,285
Investment earnings	1,000	10,221	5,545	15,766
Miscellaneous	3,000	690,555	27,825	718,380
Total revenues	<u>18,913,447</u>	<u>17,914,859</u>	<u>444,757</u>	<u>18,359,616</u>
EXPENDITURES				
Human services	24,801,059	21,531,289	1,071,548	22,602,837
Total expenditures	<u>24,801,059</u>	<u>21,531,289</u>	<u>1,071,548</u>	<u>22,602,837</u>
Deficiency of revenues over expenditures	(5,887,612)	(3,616,430)	(626,791)	(4,243,221)
OTHER FINANCING SOURCES (USES)				
Transfers in	7,979,728	6,180,931	605,740	6,786,671
Transfers out	(2,092,116)	(787,091)	-	(787,091)
Total other financing sources (uses)	<u>5,887,612</u>	<u>5,393,840</u>	<u>605,740</u>	<u>5,999,580</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,777,410</u>	(21,051)	<u>\$ 1,756,359</u>
FUND BALANCE, beginning of year			<u>1,777,410</u>	
FUND BALANCE, end of year			<u>\$ 1,756,359</u>	

ORANGE COUNTY, NORTH CAROLINA

SECTION 8 HOUSING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 4,200,764	\$ 4,519,988	\$ 4,673,151	\$ 153,163
Investment earnings	500	500	5,166	4,666
Total revenues	4,201,264	4,520,488	4,678,317	157,829
EXPENDITURES				
Human services	4,465,509	4,811,876	4,481,264	330,612
Total expenditures	4,465,509	4,811,876	4,481,264	330,612
Excess (deficiency) of revenues over expenditures	(264,245)	(291,388)	197,053	488,441
OTHER FINANCING SOURCES				
Transfers in	264,245	291,388	-	(291,388)
Total other financing sources	264,245	291,388	-	(291,388)
Net change in fund balances	-	-	197,053	197,053
FUND BALANCE, beginning of year	166,439	166,439	166,439	-
FUND BALANCE, end of year	\$ 166,439	\$ 166,439	\$ 363,492	\$ 197,053

ORANGE COUNTY, NORTH CAROLINA

ARTICLE 46 SALES TAX

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total
REVENUES				
Sales tax	\$ 23,430,820	\$ 19,946,638	\$ 3,987,947	\$ 23,934,585
Investment earnings	-	47,395	53,480	100,875
Miscellaneous	-	319,120	2,611	321,731
Total revenues	<u>23,430,820</u>	<u>20,313,153</u>	<u>4,044,038</u>	<u>24,357,191</u>
EXPENDITURES				
Education	11,715,411	9,118,218	1,548,429	10,666,647
Community services	6,925,078	4,484,615	954,364	5,438,979
Debt service:				
Principal	4,790,331	2,717,758	570,443	3,288,201
Interest	-	477,511	244,199	721,710
Total expenditures	<u>23,430,820</u>	<u>16,798,102</u>	<u>3,317,435</u>	<u>20,115,537</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 3,515,051</u>	726,603	<u>\$ 4,241,654</u>
FUND BALANCE, beginning of year			<u>3,515,051</u>	
FUND BALANCE, end of year			<u>\$ 4,241,654</u>	

ORANGE COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	\$ 595,350	\$ 624,413	\$ 661,733	\$ 37,320
Investment earnings	-	-	8,303	8,303
Total revenues	595,350	624,413	670,036	45,623
EXPENDITURES				
Public safety	919,145	1,417,088	1,341,824	75,264
Total expenditures	919,145	1,417,088	1,341,824	75,264
Deficiency of revenues over expenditures	(323,795)	(792,675)	(671,788)	120,887
OTHER FINANCING SOURCES				
Transfers in	-	78,153	74,982	(3,171)
Appropriated fund balance	323,795	714,522	-	(714,522)
Total other financing sources	323,795	792,675	74,982	(717,693)
Net change in fund balances	-	-	(596,806)	(596,806)
FUND BALANCE, beginning of year	664,467	664,467	664,467	-
FUND BALANCE, end of year	\$ 664,467	\$ 664,467	\$ 67,661	\$ (596,806)

ORANGE COUNTY, NORTH CAROLINA

VISITORS BUREAU

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Occupancy taxes	\$ 1,342,974	\$ 1,342,974	\$ 1,671,718	\$ 328,744
Intergovernmental revenues	237,170	383,902	383,876	(26)
Miscellaneous	-	1,057	1,057	-
Investment earnings	100	100	10,177	10,077
Total revenues	1,580,244	1,728,033	2,066,828	338,795
EXPENDITURES				
General government	193,725	200,658	208,052	(7,394)
Community services	1,689,036	2,009,892	1,870,184	139,708
Total expenditures	1,882,761	2,210,550	2,078,236	132,314
Deficiency of revenues over expenditures	(302,517)	(482,517)	(11,408)	471,109
OTHER FINANCING SOURCES				
Appropriated fund balance	302,517	482,517	-	(482,517)
Total other financing sources	302,517	482,517	-	(482,517)
Net change in fund balances	-	-	(11,408)	(11,408)
FUND BALANCE, beginning of year	766,785	766,785	766,785	-
FUND BALANCE, end of year	\$ 766,785	\$ 766,785	\$ 755,377	\$ (11,408)

ORANGE COUNTY, NORTH CAROLINA

SPAY/NEUTER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Other tax	\$ 27,000	\$ 27,000	\$ 26,355	\$ (645)
Investment earnings	300	300	862	562
Miscellaneous	20,500	47,000	45,309	(1,691)
Total revenues	47,800	74,300	72,526	(1,774)
EXPENDITURES				
Community services	54,250	84,215	73,484	10,731
Total expenditures	54,250	84,215	73,484	10,731
Deficiency of revenues over expenditures	(6,450)	(9,915)	(958)	8,957
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	19,050	22,515	-	(22,515)
Transfers out	(12,600)	(12,600)	(12,600)	-
Total other financing sources (uses)	6,450	9,915	(12,600)	(22,515)
Net change in fund balances	-	-	(13,558)	(13,558)
FUND BALANCE, beginning of year	64,006	64,006	64,006	-
FUND BALANCE, end of year	\$ 64,006	\$ 64,006	\$ 50,448	\$ (13,558)

ORANGE COUNTY, NORTH CAROLINA

DSS CLIENT SERVICES

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total
REVENUES				
Charges for services	\$ -	\$ 23,344	\$ -	\$ 23,344
Intergovernmental	121,665	240,165	20,480	260,645
Investment earnings	-	18,901	1,882	20,783
Miscellaneous	418,706	426,141	19,990	446,131
Total revenues	540,371	708,551	42,352	750,903
EXPENDITURES				
Human services	700,502	659,618	24,328	683,946
Excess (deficiency) of revenues over expenditures	(160,131)	48,933	18,024	66,957
OTHER FINANCING SOURCES				
Transfers in	160,131	76,945	-	76,945
Total other financing sources	160,131	76,945	-	76,945
Net change in fund balance	\$ -	\$ 125,878	18,024	\$ 143,902
FUND BALANCE, beginning of year			125,878	
FUND BALANCE, end of year			\$ 143,902	

ORANGE COUNTY, NORTH CAROLINA

IMPACT FEES

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Licenses and permits	\$ 1,600,000	\$ 1,600,000	\$ -	\$ (1,600,000)
Total revenues	1,600,000	1,600,000	-	(1,600,000)
OTHER FINANCING USES				
Transfers out	(1,600,000)	(1,600,000)	(1,600,000)	-
Total other financing uses	(1,600,000)	(1,600,000)	(1,600,000)	-
Net change in fund balances	-	-	(1,600,000)	(1,600,000)
FUND BALANCE, beginning of year	1,712,515	1,712,515	1,712,515	-
FUND BALANCE, end of year	\$ 1,712,515	\$ 1,712,515	\$ 112,515	\$ (1,600,000)

ORANGE COUNTY, NORTH CAROLINA

COUNTY CAPITAL IMPROVEMENTS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) PROJECT LIFE AS OF JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total
REVENUES				
Federal grants	\$ 12,245,066	\$ 10,373,160	\$ 810,406	\$ 11,183,566
State grants	11,317,166	5,937,561	179,940	6,117,501
Investment earnings	1,890,000	3,778,951	462,814	4,241,765
Miscellaneous	2,021,934	4,055,360	167,168	4,222,528
Total revenues	<u>27,474,166</u>	<u>24,145,032</u>	<u>1,620,328</u>	<u>25,765,360</u>
EXPENDITURES				
Capital outlay	246,292,473	140,348,082	14,141,956	154,490,038
Debt service:				
Issuance fees	-	1,747,702	897,110	2,644,812
Total expenditures	<u>246,292,473</u>	<u>142,095,784</u>	<u>15,039,066</u>	<u>157,134,850</u>
Deficiency of revenues over expenditures	(218,818,307)	(117,950,752)	(13,418,738)	(131,369,490)
OTHER FINANCING SOURCES				
Proceeds from bond issuance	36,812,320	134,948,500	7,052,701	142,001,201
Premiums on financing arrangements	2,000,000	22,476,066	2,090,678	24,566,744
Installment loan issuance	174,772,745	102,638,426	-	102,638,426
Capital lease issuance	-	2,540,999	-	2,540,999
Payment to escrow agent	(22,428,087)	(144,673,482)	-	(144,673,482)
Transfers in	23,867,304	24,460,835	220,000	24,680,835
Transfers out	(822,500)	(4,154,880)	(74,982)	(4,229,862)
Appropriated fund balance	4,616,525	-	-	-
Total other financing sources	<u>218,818,307</u>	<u>138,236,464</u>	<u>9,288,397</u>	<u>147,524,861</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 20,285,712</u>	(4,130,341)	<u>\$ 16,155,371</u>
FUND BALANCE, beginning of year			23,713,086	
FUND BALANCE, end of year			<u>\$ 19,582,745</u>	

ORANGE COUNTY, NORTH CAROLINA

SCHOOL CAPITAL IMPROVEMENTS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) PROJECT LIFE AS OF JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total
REVENUES				
Investment earnings	\$ 60,000	\$ 896,600	\$ 1,725,457	\$ 2,622,057
Sales tax	105,000	482,334	11,205	493,539
Lottery proceeds	1,536,645	2,959,057	-	2,959,057
Miscellaneous	1,743,494	33,759	-	33,759
Total revenues	3,445,139	4,371,750	1,736,662	6,108,412
EXPENDITURES				
Orange County Schools	45,316,940	26,623,854	8,361,105	34,984,959
Chapel Hill-Carrboro City Schools	147,502,041	67,151,532	26,722,762	93,874,294
Other	-	43,215	-	43,215
Total expenditures	192,818,981	93,818,601	35,083,867	128,902,468
Deficiency of revenues over expenditures	(189,373,842)	(89,446,851)	(33,347,205)	(122,794,056)
OTHER FINANCING SOURCES				
Bond issuance	105,434,874	41,070,873	64,400,000	105,470,873
Premiums on financing arrangements	-	2,122,685	-	2,122,685
Installment loan issuance	39,052,225	42,892,199	5,681,499	48,573,698
Transfers in	44,838,998	32,247,276	1,493,643	33,740,919
Transfers out	-	(2,122,685)	(1,700,000)	(3,822,685)
Appropriated fund balance	47,745	-	-	-
Total other financing sources	189,373,842	116,210,348	69,875,142	186,085,490
Net change in fund balance	\$ -	\$ 26,763,497	36,527,937	\$ 63,291,434
FUND BALANCE, beginning of year			26,763,497	
FUND BALANCE, end of year			\$ 63,291,434	

ORANGE COUNTY, NORTH CAROLINA

COUNTY CAPITAL RESERVE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 73,900	\$ 73,900
Total revenues	-	-	73,900	73,900
OTHER FINANCING SOURCES (USES)				
Transfers out	(150,000)	(150,000)	(150,000)	-
Premium on bonds	150,000	150,000	4,495,553	4,345,553
Total other financing sources (uses)	-	-	4,345,553	4,345,553
Net change in fund balances	-	-	4,419,453	4,419,453
FUND BALANCE, beginning of year	33,054	33,054	33,054	-
FUND BALANCE, end of year	\$ 33,054	\$ 33,054	\$ 4,452,507	\$ 4,419,453

ORANGE COUNTY, NORTH CAROLINA

SOLID WASTE

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Landfill fees	\$ 968,431	\$ 968,431	\$ 1,203,952	\$ 235,521
Sanitation fees	1,310,467	1,310,467	1,356,796	46,329
Recycling	6,892,973	6,892,973	7,642,879	749,906
State grants	45,000	45,000	30,570	(14,430)
Other operating	130,000	130,000	196,358	66,358
Investment earnings	45,000	45,000	214,134	169,134
Total revenues	9,391,871	9,391,871	10,644,689	1,252,818
EXPENDITURES				
Administration	2,206,080	2,341,692	2,250,800	90,892
Landfill	948,082	1,290,546	496,059	794,487
Recycling	3,590,868	4,794,401	4,592,692	201,709
Sanitation	2,370,624	2,545,038	2,161,014	384,024
Mulch sales	2,320,009	2,320,009	667,838	1,652,171
Debt service	749,925	749,925	760,961	(11,036)
Total expenditures	12,185,588	14,041,611	10,929,364	3,112,247
Deficiency of revenues over expenditures	(2,793,717)	(4,649,740)	(284,675)	4,365,065
OTHER FINANCING SOURCES				
Debt proceeds	2,145,167	2,145,167	1,375,000	(770,167)
Proceeds from premium	-	-	225,289	225,289
Transfers in	500,000	500,000	126,510	(373,490)
Proceeds from sale of capital assets	148,550	148,550	88,460	(60,090)
Appropriated fund balance	-	1,856,023	-	(1,856,023)
Total other financing sources	2,793,717	4,649,740	1,815,259	(2,834,481)
Net change in net position	\$ -	\$ -	1,530,584	\$ 1,530,584
Adjustments to full accrual:				
Capital outlays			671,736	
Payments of debt service - principal			564,369	
Increase in estimated post-closure costs			(128,957)	
Issuance of installment notes			(1,375,000)	
Issuance of premium on notes			(225,289)	
Increase in compensated absences			(11,013)	
Increase in net pension liability			(73,225)	
Change in accrued interest			(3,834)	
Depreciation expense			(873,449)	
Change in net position - GAAP Basis			\$ 75,922	

ORANGE COUNTY, NORTH CAROLINA

EFLAND SEWER OPERATING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 115,555	\$ 115,555	\$ 95,820	\$ (19,735)
Investment earnings	-	-	3,287	3,287
Total revenues	115,555	115,555	99,107	(16,448)
EXPENDITURES				
Operations	583,419	618,089	180,102	437,987
Repairs and maintenance	11,000	61,330	60,429	901
Capital outlays	24,921	24,921	-	24,921
Debt service	189,831	189,831	-	189,831
Total expenditures	809,171	894,171	240,531	653,640
Deficiency of revenues over expenditures	(693,616)	(778,616)	(141,424)	637,192
OTHER FINANCING SOURCES				
Appropriated fund balance	691,787	776,787	-	(776,787)
Transfers in	1,829	1,829	-	(1,829)
Total other financing sources	693,616	778,616	-	(778,616)
Net change in fund balance	\$ -	\$ -	(141,424)	\$ (141,424)
Adjustments to full accrual:				
Depreciation expense			(87,134)	
Change in net position - GAAP Basis			\$ (228,558)	

ORANGE COUNTY, NORTH CAROLINA

SPORTSPLEX

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 3,884,471	\$ 3,884,471	\$ 3,764,044	\$ (120,427)
Total revenues	3,884,471	3,884,471	3,764,044	(120,427)
EXPENDITURES				
Operations	3,704,182	3,826,728	3,189,693	637,035
Capital outlay	-	2,171,151	1,637,192	533,959
Debt service	687,289	687,289	632,139	55,150
Total expenditures	4,391,471	6,685,168	5,459,024	1,226,144
Deficiency of revenues over expenditures	(507,000)	(2,800,697)	(1,694,980)	1,105,717
OTHER FINANCING SOURCES				
Appropriated fund balance	507,000	2,800,697	-	(2,800,697)
Total other financing sources	507,000	2,800,697	-	(2,800,697)
Net change in fund balance	\$ -	\$ -	(1,694,980)	\$ (1,694,980)
Adjustments to full accrual:				
Capital outlays			1,637,192	
Payments of debt service - principal			474,498	
Change in accrued interest			(3,780)	
Deprecation expense			(388,291)	
Change in net position - GAAP Basis			\$ 24,639	

ORANGE COUNTY, NORTH CAROLINA
DENTAL AND HEALTH INSURANCE

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 15,897,029	\$ 15,897,029	\$ 12,046,564	\$ (3,850,465)
Investment earnings	-	-	15,119	15,119
Miscellaneous	-	-	-	-
Total revenues	<u>15,897,029</u>	<u>15,897,029</u>	<u>12,061,683</u>	<u>(3,835,346)</u>
EXPENDITURES				
Operations	<u>17,897,029</u>	<u>17,897,029</u>	<u>15,339,430</u>	<u>2,557,599</u>
Total expenditures	<u>17,897,029</u>	<u>17,897,029</u>	<u>15,339,430</u>	<u>2,557,599</u>
Deficiency of revenues over expenditures	(2,000,000)	(2,000,000)	(3,277,747)	(1,277,747)
OTHER FINANCING SOURCES				
Appropriated fund balance	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,626,520</u>	<u>626,520</u>
Total other financing sources	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,626,520</u>	<u>626,520</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(651,227)	<u>\$ (651,227)</u>
Adjustments to full accrual:				
Increase in claims payable			<u>134,716</u>	
Change in net position - GAAP Basis			<u>\$ (516,511)</u>	

ORANGE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2019

	School		Cooperative	American	Communication
<u>ASSETS</u>	District	Jail Inmate	Extension 4-H	Stone No Fault Well Repair	Tower Trust
Cash	\$ 175,935	\$ 4,219	\$ 97,983	\$ 135,337	\$ 16,223
Other receivables	124,802	-	-	-	-
Taxes receivable	352,327	-	-	-	-
Total assets	<u>\$ 653,064</u>	<u>\$ 4,219</u>	<u>\$ 97,983</u>	<u>\$ 135,337</u>	<u>\$ 16,223</u>
<u>LIABILITIES</u>					
Due to others	\$ 300,737	\$ 4,219	\$ 97,983	\$ 135,337	\$ 16,223
Uncollected taxes	352,327	-	-	-	-
Total liabilities	<u>\$ 653,064</u>	<u>\$ 4,219</u>	<u>\$ 97,983</u>	<u>\$ 135,337</u>	<u>\$ 16,223</u>

<u>DSS Trust</u>	<u>Mental Health Insurance</u>	<u>Orange County Giving</u>	<u>Crop Loan</u>	<u>Total</u>
\$ 81,924	\$ 421,572	\$ 229,308	\$ 5,502	\$ 1,168,003
-	-	-	-	124,802
-	-	-	-	352,327
<u>\$ 81,924</u>	<u>\$ 421,572</u>	<u>\$ 229,308</u>	<u>\$ 5,502</u>	<u>\$ 1,645,132</u>
\$ 81,924	\$ 421,572	\$ 229,308	\$ 5,502	\$ 1,292,805
-	-	-	-	352,327
<u>\$ 81,924</u>	<u>\$ 421,572</u>	<u>\$ 229,308</u>	<u>\$ 5,502</u>	<u>\$ 1,645,132</u>

ORANGE COUNTY, NORTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<u>School District Fund</u>				
ASSETS				
Cash	\$ 128,539	\$ 24,160,463	\$ (24,113,067)	\$ 175,935
Other receivables	120,665	2,039,172	(2,035,035)	124,802
Taxes receivable	336,943	22,034,352	(22,018,968)	352,327
Total assets	<u>\$ 586,147</u>	<u>\$ 48,233,987</u>	<u>\$ (48,167,070)</u>	<u>\$ 653,064</u>
LIABILITIES				
Due to others	\$ 249,204	\$ 26,199,635	\$ (26,148,102)	\$ 300,737
Uncollected taxes	336,943	22,034,352	(22,018,968)	352,327
Total liabilities	<u>\$ 586,147</u>	<u>\$ 48,233,987</u>	<u>\$ (48,167,070)</u>	<u>\$ 653,064</u>
<u>Jail Inmate Fund</u>				
ASSETS				
Cash	\$ 10,948	\$ 339,830	\$ (346,559)	\$ 4,219
Total assets	<u>\$ 10,948</u>	<u>\$ 339,830</u>	<u>\$ (346,559)</u>	<u>\$ 4,219</u>
LIABILITIES				
Due to others	\$ 10,948	\$ 339,830	\$ (346,559)	\$ 4,219
Total liabilities	<u>\$ 10,948</u>	<u>\$ 339,830</u>	<u>\$ (346,559)</u>	<u>\$ 4,219</u>
<u>Cooperative Extension 4-H Fund</u>				
ASSETS				
Cash	\$ 83,964	\$ 29,452	\$ (15,433)	\$ 97,983
Total assets	<u>\$ 83,964</u>	<u>\$ 29,452</u>	<u>\$ (15,433)</u>	<u>\$ 97,983</u>
LIABILITIES				
Due to others	\$ 83,964	\$ 29,452	\$ (15,433)	\$ 97,983
Total liabilities	<u>\$ 83,964</u>	<u>\$ 29,452</u>	<u>\$ (15,433)</u>	<u>\$ 97,983</u>
(Continued)				

ORANGE COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<u>American Stone No Fault Well Repair</u>				
ASSETS				
Cash	\$ 159,885	\$ 17,002	\$ (41,550)	\$ 135,337
Total assets	\$ 159,885	\$ 17,002	\$ (41,550)	\$ 135,337
LIABILITIES				
Due to others	\$ 159,885	\$ 17,002	\$ (41,550)	\$ 135,337
Total liabilities	\$ 159,885	\$ 17,002	\$ (41,550)	\$ 135,337
<u>Communication Tower Trust Fund</u>				
ASSETS				
Cash	\$ 4,223	\$ 12,000	\$ -	\$ 16,223
Total assets	\$ 4,223	\$ 12,000	\$ -	\$ 16,223
LIABILITIES				
Due to others	\$ 4,223	\$ 12,000	\$ -	\$ 16,223
Total liabilities	\$ 4,223	\$ 12,000	\$ -	\$ 16,223
<u>DSS Trust Fund</u>				
ASSETS				
Cash	\$ 116,874	\$ 591,556	\$ (626,506)	\$ 81,924
Total assets	\$ 116,874	\$ 591,556	\$ (626,506)	\$ 81,924
LIABILITIES				
Due to others	\$ 116,874	\$ 591,556	\$ (626,506)	\$ 81,924
Total liabilities	\$ 116,874	\$ 591,556	\$ (626,506)	\$ 81,924
(Continued)				

ORANGE COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<u>Mental Health Insurance Fund</u>				
ASSETS				
Cash	\$ 419,161	\$ 5,965	\$ (3,554)	\$ 421,572
Total assets	\$ 419,161	\$ 5,965	\$ (3,554)	\$ 421,572
LIABILITIES				
Due to others	\$ 419,161	\$ 5,965	\$ (3,554)	\$ 421,572
Total liabilities	\$ 419,161	\$ 5,965	\$ (3,554)	\$ 421,572
<u>Orange County Community Giving Fund</u>				
ASSETS				
Cash	\$ 167,069	\$ 62,865	\$ (626)	\$ 229,308
Total assets	\$ 167,069	\$ 62,865	\$ (626)	\$ 229,308
LIABILITIES				
Due to others	\$ 167,069	\$ 62,865	\$ (626)	\$ 229,308
Total liabilities	\$ 167,069	\$ 62,865	\$ (626)	\$ 229,308
<u>Crop Loan Fund</u>				
ASSETS				
Cash	\$ 12,500	\$ -	\$ (6,998)	\$ 5,502
Total assets	\$ 12,500	\$ -	\$ (6,998)	\$ 5,502
LIABILITIES				
Due to others	\$ 12,500	\$ -	\$ (6,998)	\$ 5,502
Total liabilities	\$ 12,500	\$ -	\$ (6,998)	\$ 5,502
<u>Total Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 1,103,163	\$ 25,219,133	\$ (25,154,293)	\$ 1,168,003
Other receivables	120,665	2,039,172	(2,035,035)	124,802
Taxes receivable	336,943	22,034,352	(22,018,968)	352,327
Total assets	\$ 1,560,771	\$ 49,292,657	\$ (49,208,296)	\$ 1,645,132
LIABILITIES				
Due to others	\$ 1,223,828	\$ 27,258,305	\$ (27,189,328)	\$ 1,292,805
Uncollected taxes	336,943	22,034,352	(22,018,968)	352,327
Total liabilities	\$ 1,560,771	\$ 49,292,657	\$ (49,208,296)	\$ 1,645,132

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2019**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 159,101,577	\$ 157,743,510	\$ 1,358,067
2017-2018	1,358,859		808,493	550,366
2016-2017	567,900		217,477	350,423
2015-2016	336,603	-	-	336,603
2014-2015	243,771	-	102,435	141,336
2013-2014	234,313	-	72,928	161,385
2012-2013	232,764	-	37,992	194,772
All- prior	1,196,811	-	93,454	1,103,357
	<u>\$ 4,171,021</u>	<u>\$ 159,101,577</u>	<u>\$ 159,076,289</u>	<u>4,196,309</u>
Less: allowance for uncollectible accounts - General Fund				<u>(1,981,564)</u>
Ad valorem taxes receivable - net				<u>\$ 2,214,745</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 158,270,134
Reconciling items:				
Less 60 day collections				(267,118)
Interest and penalties				609,266
Miscellaneous adjustments				464,007
Total collections and credits				<u>\$ 159,076,289</u>

ORANGE COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
JUNE 30, 2019**

				Total Levy	
	County - Wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current rate	\$ 18,709,028,333	0.085	\$ 158,988,298	\$ 148,572,248	\$ 10,416,050
Motor vehicle taxed at prior year rate	-	0.084	-	-	-
Penalties	-		102,943	102,943	-
Lien advertisement	-		10,336	10,336	-
Total	<u>18,709,028,333</u>		<u>159,101,577</u>	<u>148,685,527</u>	<u>10,416,050</u>
Adjustments	(27,414,746)	0.085	(233,135)	(233,135)	-
Total property valuation	<u>\$ 18,681,613,587</u>				
Net levy			158,868,442	148,452,392	10,416,050
Uncollected taxes at June 30, 2019			<u>(550,366)</u>	<u>(550,366)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 158,318,076</u>	<u>\$ 147,902,026</u>	<u>\$ 10,416,050</u>
Current levy collection percentage			<u>99.65%</u>	<u>99.63%</u>	<u>100.00%</u>

STATISTICAL SECTION

This part of Orange County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

	<u>Page</u>
Financial Trends	127
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.....	135
These schedules contain information to help the reader assess the County's most significant local revenue source, property tax.	
Debt Capacity.....	142
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	148
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	150
These schedules contain service and infrastructure data to help the reader understand how the information in the County's 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 comprehensive annual financial report for the relevant year.

ORANGE COUNTY, NORTH CAROLINA

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

	For Year Ended June 30			
	2019	2018	2017	2016
Governmental activities				
Net investment in capital assets	\$ 29,752,938	\$ 30,229,146	\$ 29,924,257	\$ 23,190,053
Restricted for:				
Stabilization by State statute	16,392,707	14,222,179	12,264,244	13,686,337
Restricted, all other	67,909,157	37,517,431	17,264,973	23,225,509
Unrestricted	(212,549,798)	(155,693,774)	(133,115,016)	(79,853,142)
Total governmental activities net position	\$ (98,494,996)	\$ (73,725,018)	\$ (73,661,542)	\$ (19,751,243)
Business-type activities				
Net investment in capital assets	\$ 9,391,992	\$ 10,361,313	\$ 6,883,243	\$ 7,462,618
Unrestricted	7,007,056	6,165,732	5,058,871	3,322,472
Total business-type activities net position	\$ 16,399,048	\$ 16,527,045	\$ 11,942,114	\$ 10,785,090
Primary government				
Net investment in capital assets	\$ 39,144,930	\$ 40,590,459	\$ 36,807,500	\$ 30,652,671
Restricted for:				
Stabilization by State statute	16,392,707	14,222,179	12,264,244	13,686,337
Restricted, all other	67,909,157	37,517,431	17,264,973	23,225,509
Unrestricted	(205,542,742)	(149,528,042)	(128,056,145)	(76,530,670)
Total primary government net position	\$ (82,095,948)	\$ (57,197,973)	\$ (61,719,428)	\$ (8,966,153)

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

Note: In accordance with North Carolina law, liabilities of the County include approximately \$94 million in long-term debt associated with assets belonging to the Orange County Board of Education and

the Chapel Hill-Carrboro Board of Education. As these assets are not reflected on the County's financial statements, while the full amount of long-term debt reflected on the County's financial statements, the County reports a deficit in net position.

Table 1

For Year Ended June 30					
2015	2014	2013	2012	2011	2010
\$ 42,946,587	\$ 21,308,363	\$ 19,154,413	\$ 35,398,235	\$ 33,142,313	\$ 31,659,037
12,845,946	15,617,944	14,036,419	11,153,113	8,727,555	-
4,493,650	4,287,300	12,551,518	27,503,219	1,250,092	-
(94,888,828)	(91,105,688)	(101,233,902)	(131,483,110)	(110,118,490)	(113,765,405)
\$ (34,602,645)	\$ (49,892,081)	\$ (55,491,552)	\$ (57,428,543)	\$ (66,998,530)	\$ (82,106,368)
\$ 7,327,120	\$ 8,478,262	\$ 7,038,493	\$ 4,404,980	\$ 6,877,907	\$ 7,762,990
2,539,292	2,563,784	3,862,994	2,753,605	(4,193)	(557,826)
\$ 9,866,412	\$ 11,042,046	\$ 10,901,487	\$ 7,158,585	\$ 6,873,714	\$ 7,205,164
\$ 50,273,707	\$ 29,786,625	\$ 26,192,906	\$ 39,803,215	\$ 40,020,220	\$ 39,422,027
12,845,946	15,617,944	14,036,419	11,153,113	8,727,555	-
4,493,650	4,287,300	12,551,518	27,503,219	1,250,092	-
(92,349,536)	(88,541,904)	(97,370,608)	(128,729,502)	(110,122,683)	(114,323,231)
\$ (24,736,233)	\$ (38,850,035)	\$ (44,589,765)	\$ (50,269,955)	\$ (60,124,816)	\$ (74,901,204)

ORANGE COUNTY, NORTH CAROLINA

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

	For Year Ended June 30			
	2019	2018	2017	2016
Expenses:				
Governmental activities:				
Community services	\$ 15,902,720	\$ 15,223,280	\$ 14,528,306	\$ 11,798,260
General government	15,382,288	16,685,804	17,268,682	22,439,461
Support services	19,455,503	12,733,446	14,579,007	11,344,246
Governing and management	-	-	-	-
General services	-	-	-	-
Community and environment	-	-	-	-
Human services	44,580,536	43,371,252	45,058,561	46,087,661
Education	132,364,089	106,689,649	97,196,824	85,679,979
Public safety	33,718,408	32,247,386	29,634,987	28,476,942
Cultural and recreational	-	-	-	-
Interest on long-term debt	6,954,179	5,707,204	3,311,756	3,933,332
Total governmental activities expenses	268,357,723	232,658,021	221,578,123	209,759,881
Business-Type activities:				
Solid waste	10,783,737	9,566,421	10,197,990	10,280,177
Sewer	327,665	443,049	399,818	430,846
SportsPlex	3,739,404	3,608,084	3,354,734	3,420,624
Total business-type activities expenses	14,850,806	13,617,554	13,952,542	14,131,647
Total primary government expenses	\$ 283,208,529	\$ 246,275,575	\$ 235,530,665	\$ 223,891,528
Revenues:				
Governmental activities:				
Program revenues:				
Charges for services	15,827,035	15,719,203	16,424,044	15,778,566
Operating grants and contributions	24,223,044	24,212,789	26,044,125	26,418,629
Capital grants and contributions	1,157,514	1,620,344	1,000,233	1,059,278
General revenues:				
Property taxes	165,411,715	160,185,898	155,565,259	153,059,233
Other taxes	33,541,804	31,012,534	29,522,796	27,712,231
Other	3,553,143	1,583,643	618,793	267,113
Total governmental activities program revenues	243,714,255	234,334,411	229,175,250	224,295,050
Business-type activities:				
Charges for services	14,259,849	13,482,011	11,861,307	11,719,530
Operating grants and contributions	30,570	200,448	-	-
Other	305,882	138,915	261,713	162,555
Total business-type activities program revenues	14,596,301	13,821,374	12,123,020	11,882,085
Total primary government program revenues	258,310,556	248,155,785	241,298,270	236,177,135
Transfers				
Governmental activities	(126,510)	(1,739,866)	(1,568,349)	(1,834,548)
Business-type activities	126,510	1,739,866	1,568,349	1,834,548
Increase (decrease) in net position				
Governmental activities	(24,769,978)	(63,476)	6,028,778	12,700,621
Business-type activities	(127,995)	1,943,686	(261,173)	(415,014)
Change in net position				
Net position, July 1, previously reported	(57,197,975)	(4,372,786)	(8,966,153)	(24,736,234)
Prior period adjustment	-	(54,705,399)	(1,174,238)	3,484,474
Net position, July 1, restated	(57,197,975)	(59,078,185)	(10,140,391)	(21,251,760)
Total net position, June 30	\$ (82,095,948)	\$ (57,197,975)	\$ (4,372,786)	\$ (8,966,153)

Note: Orange County changed to Functional Leadership Teams in FY 2015-16 (Community Services, General Government, and Support Services replaced Governing and management, General Services, Community and environment, and Cultural and recreational); the 2016 numbers are reflected of this organizational change.

Table 2

2015	2014	2013	2012	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
-	-	-	-	-	-
19,289,101	26,361,842	22,025,337	23,497,848	23,192,706	23,366,641
9,178,467	7,867,632	6,980,383	7,222,770	7,155,635	6,826,209
13,773,024	11,552,941	9,821,519	9,786,774	10,288,447	12,726,270
38,142,905	36,755,137	35,126,478	33,431,309	33,536,733	33,011,737
84,862,221	81,732,135	91,151,052	76,639,902	74,053,776	66,641,699
27,613,011	25,479,585	24,569,638	23,717,846	22,352,109	21,796,091
2,486,556	2,354,533	2,162,503	2,168,615	1,802,668	1,007,304
4,782,894	5,567,955	7,685,735	14,479,651	8,948,063	10,495,788
200,128,179	197,671,760	199,522,645	190,944,715	181,330,137	175,871,739
11,037,061	11,463,642	6,892,530	10,552,420	10,436,377	11,216,161
243,993	284,773	333,568	316,684	401,689	305,171
3,215,365	3,135,791	3,020,626	2,909,120	2,977,153	2,937,975
14,496,419	14,884,206	10,246,724	13,778,224	13,815,219	14,459,307
\$ 214,624,598	\$ 212,555,966	\$ 209,769,369	\$ 204,722,939	\$ 195,145,356	\$ 190,331,046
15,698,925	14,100,487	13,235,408	12,766,266	12,532,375	11,926,481
26,224,918	26,259,362	24,611,570	23,403,397	24,934,383	25,180,675
1,112,971	1,656,217	2,489,408	6,075,501	5,578,325	4,270,546
149,605,562	148,940,579	142,951,109	141,596,821	140,247,782	137,966,129
26,378,822	22,924,419	21,248,342	18,271,966	15,115,418	15,441,100
25,268	29,414	107,517	756,382	102,822	(367,213)
219,046,466	213,910,478	204,643,354	202,870,333	198,511,105	194,417,718
8,496,708	8,708,132	11,201,138	11,278,046	10,980,033	10,724,011
1,192,897	274,429	466,966	419,354	414,853	434,968
2,328	2,969	9,624	10,067	15,753	1,113,593
9,691,933	8,985,530	11,677,728	11,707,467	11,410,639	12,272,572
228,738,399	222,896,008	216,321,082	214,577,800	209,921,744	206,690,290
(2,376,743)	(2,730,996)	(2,311,895)	(2,355,631)	(2,073,130)	(994,900)
2,376,743	2,730,996	2,311,895	2,355,631	2,073,130	994,900
16,541,544	13,507,722	2,808,814	9,569,987	15,107,838	18,545,979
(2,427,743)	(3,167,680)	3,742,899	284,874	(331,450)	(2,186,735)
(34,249,723)	(44,589,765)	(50,269,955)	(60,124,816)	(74,901,204)	(91,260,448)
(4,600,312)	-	(871,523)	-	-	-
(38,850,035)	(44,589,765)	(51,141,478)	(60,124,816)	(74,901,204)	(91,260,448)
\$ (24,736,234)	\$ (34,249,723)	\$ (44,589,765)	\$ (50,269,955)	\$ (60,124,816)	\$ (74,901,204)

ORANGE COUNTY, NORTH CAROLINA

Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	For Year Ended June 30				
	2019	2018	2017	2016	2015
General Fund					
Non-spendable:					
Prepaid items	\$ 3,001	\$ 3,001	\$ 3,001	\$ 3,001	\$ -
Inventories	12,428	16,973	7,329	13,668	20,306
Advances	136,000	136,000	136,000	-	-
Restricted for:					
Stabilization for State statute	15,007,391	12,576,115	10,739,850	12,144,573	11,255,821
Committed:					
Health Benefits	7,543,841	7,543,841	7,543,841	7,543,841	-
General services	-	-	-	-	7,543,841
Assigned:					
Subsequent year expenditures	7,808,006	8,820,099	9,769,060	12,726,944	10,650,770
Restricted	-	-	-	-	-
Unassigned	35,697,519	34,439,230	34,527,885	32,034,160	35,548,843
Total General Fund	66,208,186	63,535,259	62,726,966	64,466,187	65,019,581
All Other Governmental Funds					
Restricted for:					
Stabilization for State Statute	1,385,316	1,646,064	1,524,394	1,541,764	1,590,125
Restricted, all other					
Education	63,291,434	26,763,497	4,330,808	10,266,810	6,444,383
Human services	252,328	2,668,966	2,748,663	2,533,694	-
Governing and management			-	-	21,408,280
Public safety	2,774,848	2,755,925	2,017,706	1,590,761	2,402,687
Community services	1,279,385	3,716,198	3,419,193	3,160,345	-
Community and environment			-	-	2,297,379
Capital projects	19,695,260	25,144,847	28,485,737	23,780,620	-
Committed					
Human services	143,902	125,878	81,079	35,122	788,612
Education	1,140,095	-	-	-	113,388
Community services	1,928,742	-	-	-	-
Governing and management	-	-	-	-	32,494
Assigned:					5,777,554
Human services	2,724,748	166,439	141,597	228,063	-
Community services	50,448	64,006	62,771	67,294	-
Community and environment	-	-	-	-	1,363,560
General services	-	-	-	-	72,133
Education	-	-	-	-	4,341,861
Capital projects	4,569,498	148,396	146,913	146,144	-
Unassigned	-	-	-	-	(276,297)
Total All Other Government Funds	99,236,004	63,200,216	42,958,861	43,350,617	46,356,159
Total Government Funds	\$ 165,444,190	\$ 126,735,475	\$ 105,685,827	\$ 107,816,804	\$ 111,375,740

Notes:

(1) The statements prior to 2011 fund balances have not been restated to reflect the impact of the 2011 implementation of Governmental Accounting Standards Board State No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The years 2011 and after reflect this implementation.

Note: Orange County changed to Functional Leadership Teams in FY 2015-16 (Community Services, General Government, and Support Services replaced Governing and management, General Services, Community and environment, and Cultural and recreational); the 2016 numbers are reflected of this organizational change.

Table 3

				For Year Ended June 30	
2014	2013	2012	2011	2010	
				General Fund	
				Reserved for:	
\$ -	\$ 16,946	\$ 16,946	\$ 12,794	\$	-
29,242	23,008	17,788	115,521	Inventories	143,078
-	-	-	-	Encumbrances	1,843,044
				State statute	7,956,626
				Total reserved	9,942,748
12,102,492	9,736,214	8,399,062	8,189,624	Unreserved:	
-	-	-	-	Designated:	
6,001,641	3,105,267	145,919	53,524	Subsequent year's expenditures	401,673
				Undesignated	21,097,621
10,068,343	5,190,118	3,212,872	1,131,417	Total unreserved	21,499,294
-	-	921,525		Total General Fund	31,442,042
33,913,229	36,608,054	35,145,394	27,782,007	Reclassified (1)	
62,114,947	54,679,607	47,859,506	37,284,887	All Other Governmental Funds	
				Reserved for:	
3,515,452	4,467,734	2,754,051	537,931	Encumbrances	2,910,389
8,454,406	10,249,519	25,359,245	9,420,468	State statute	596,618
-	-	-	-	Total reserved	3,507,007
12,284,550	5,282,833	7,572,592	8,852,909	Unreserved:	
1,539,413	1,081,573	979,080	885,111	Designated:	
-	-	-	-	Subsequent year's expenditures	
2,747,887	1,052,897	1,164,894	364,981	reported in:	
-	-	-	-	County capital improvements	
659,102	741,703	723,920	563,941		
113,371	113,352	583,490	2,227,377	School capital improvements	
-	-	-	-		
32,488	32,483	32,466	2,035,800	Non-major special revenue	
3,786,743	4,757,926	2,903,661	3,838,177	Subsequent year's expenditures*	
-	-	-	-	Undesignated	
-	-	-	-	Reported in non-major special revenue	
1,075,872	2,709,603	709,421	1,900,645		
9,154	9,154	9,150	196,618	Total unreserved	
2,701,717	2,039,169	2,185,090	1,740,914		
-	-	-	-	Total All Other Governmental Funds	
(2,695,073)	(3,667,415)	-	-		
34,225,082	28,870,531	44,977,060	32,564,872	Total Governmental Funds	
\$ 96,340,029	\$ 83,550,138	\$ 92,836,566	\$ 69,849,759	\$	57,555,162

ORANGE COUNTY, NORTH CAROLINA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	For Year Ended June 30			
	2019	2018	2017	2016
Revenues				
Property taxes	\$ 165,291,673	\$ 160,164,100	\$ 155,630,633	\$ 153,539,268
Occupancy tax	1,698,073	1,609,015	1,518,624	1,504,414
Sales tax	31,843,731	29,403,519	28,004,172	26,207,817
Intergovernmental revenues	25,116,465	25,618,064	26,454,930	27,002,678
Charges for services	12,946,473	12,974,619	12,015,197	10,787,145
Investment earnings	3,553,143	1,392,733	618,793	267,113
Licenses and permits	288,988	304,622	314,454	3,164,736
Impact fees	-	- (2)	2,114,028	2,004,324
Miscellaneous	2,855,667	2,670,031	2,584,793	243,823
Total revenues	243,594,213	234,136,703	229,255,624	224,721,318
Expenditures				
Current:				
Community services	15,298,049	14,659,707	14,186,060	11,980,673
General government	9,898,414	9,692,463	8,209,934	9,369,732
Governing and management	-	-	-	-
General services	-	-	-	-
Community and environment	-	-	-	-
Human services	43,665,611	43,022,683	44,427,224	46,769,208
Education	127,320,635	98,899,949	97,196,824	85,679,979
Public safety	31,710,007	30,746,216	29,093,813	28,396,838
Support services	12,626,572	12,974,342	13,929,639	11,661,104
Cultural and recreational	-	-	-	-
Capital outlay	14,141,956	12,375,007	5,538,992	7,580,903
Debt Service:				
Principal	21,929,818	21,164,194	19,830,716	20,049,781
Interest	9,300,600	7,373,100	6,854,627	6,867,259
Total expenditures	285,891,662	250,907,661	239,267,829	228,355,477
Excess of revenues				
Over (Under) expenditures	(42,297,449)	(16,770,958)	(10,012,205)	(3,634,159)
Other financing sources (uses)				
Bonds issuance	71,452,701	29,400,000	-	-
Refunding issuance	-	-	-	-
Premiums received	6,586,231	7,865,143	-	-
Payments to escrow agent - refunding	-	(30,091,068)	-	-
Installment loans issuance	5,707,299	32,725,757	9,354,561	6,655,158
Capital leases issuance	-	-	-	-
Proceeds from sale of capital assets	12,963	190,910	95,016	32,167
Transfers in	5,964,008	8,228,700	9,706,368	8,280,750
Transfers out	(8,717,038)	(10,498,836)	(11,274,717)	(10,115,298)
Total other financing sources (uses)	81,006,164	37,820,606	7,881,228	4,852,777
Net change in fund balances	\$ 38,708,715	\$ 21,049,648	\$ (2,130,977)	\$ 1,218,618
Debt service as a percentage of non-capital expenditures	11.28%	11.52%	11.33%	11.79%

(1) Debt service as a percentage of noncapital expenditures reflects principal and interest only divided by the sum of total expenditures less capital expenditures in all functional categories but only to the extent capitalized as an asset by the County.

(2) Due to a change in legislature, the counties are no longer permitted to charge for impact fees.

Note: Orange County changed to Functional Leadership Teams in FY 2015-16 (Community Services, General Government, and Support Services replaced Governing and management, General Services, Community and environment, and Cultural and recreational); the 2016 numbers are reflected of this organizational change.

Table 4

	2015		2014		2013		2012		2011		2010
\$	150,938,119	\$	149,384,079	\$	142,589,686	\$	141,141,578	\$	139,112,298	\$	137,768,671
	1,357,706		-		-		-		-		-
	25,021,116		22,924,419		21,248,342		18,271,966		15,115,418		15,441,100
	27,337,889		27,212,924		26,395,066		28,588,962		29,118,062		27,776,901
	12,620,908		10,998,366		10,317,422		10,094,081		10,312,004		10,386,667
	25,155		29,301		107,430		756,242		102,386		125,672
	331,510		324,537		322,477		329,265		403,014		328,216
	2,763,756		1,811,944		2,021,204		1,648,235		1,459,901		1,214,819
	1,558,260		969,654		1,242,602		1,458,674		1,733,217		2,519,964
	221,954,419		213,655,224		204,244,229		202,289,003		197,356,300		195,562,010
	-		-		-		-		-		-
	-		-		-		-		-		-
	13,050,437		13,027,305		12,280,547		11,946,149		11,547,032		13,454,030
	8,823,950		7,793,954		7,041,005		6,556,064		6,716,171		9,450,070
	13,612,192		12,915,703		11,815,147		12,308,296		11,853,619		12,314,548
	37,584,165		36,235,780		34,689,069		32,661,585		33,090,063		34,048,520
	78,548,393		71,212,992		67,488,591		63,939,903		63,912,513		63,048,729
	26,634,573		25,678,516		23,304,121		23,063,645		22,643,182		20,810,410
	-		-		-		-		-		-
	2,647,079		2,395,681		2,167,876		2,078,964		1,810,933		1,790,199
	13,030,640		20,928,560		31,105,574		19,779,947		18,376,147		33,204,669
	19,344,248		18,803,953		16,267,209		18,718,055		18,715,710		17,180,037
	8,369,842		6,680,919		8,759,668		15,280,193		9,909,939		8,634,932
	221,645,519		215,673,363		214,918,807		206,332,801		198,575,309		213,936,144
	308,900		(2,018,139)		(10,674,578)		(4,043,798)		(1,219,009)		(18,374,134)
	1,904,232		-		1,680,206		14,195,360		-		1,762,954
	15,140,000		-		13,300,000		96,693,500		-		22,455,000
	-		-		-		-		-		-
	(17,972,035)		-		(13,685,000)		(104,030,089)		-		(24,021,358)
	16,040,546		18,549,081		2,099,099		22,031,500		11,899,439		4,136,434
	-		-		-		-		-		-
	-		-		-		-		-		-
	6,756,556		8,036,336		11,265,642		7,663,511		7,630,887		14,606,087
	(9,133,299)		(10,806,204)		(13,685,581)		(10,029,142)		(9,854,897)		(15,600,987)
	12,736,000		15,779,213		974,366		26,524,640		9,675,429		3,338,130
\$	13,044,900	\$	13,761,074	\$	(9,700,212)	\$	22,480,842	\$	8,456,420	\$	(15,036,004)
	12.70%		12.05%		11.87%		18.22%		15.88%		14.28%

ORANGE COUNTY, NORTH CAROLINA

Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years (Unaudited)

Fiscal Year	Real Property	Personal Property	Public-Service Companies
2010	\$ 14,131,248,011	\$ 1,234,045,107	\$ 233,399,929
2011	14,349,991,992	1,173,260,442	228,934,751
2012	14,509,087,828	1,217,661,746	234,219,001
2013	14,630,730,056	1,274,117,983	235,565,073
2014	14,734,501,833	* 1,724,462,428	239,923,242
2015	14,863,350,430	1,461,891,252	244,191,811
2016	15,020,157,254	1,442,897,338	382,744,805
2017	15,168,750,327	1,620,578,558	306,434,830
2018	16,385,248,774	1,711,150,366	315,583,138
2019	16,603,198,106	1,821,061,820	337,735,426

Source: Annual County Report of Valuation and Property Tax Levies

Note - the 2018 Assessed Value as a Percentage of Actual Value ratio is reflective of the revaluation which represents a better estimate of the sales ratio.

* Assessed value of personal property includes an additional three months valuation

Table 5

Less Tax-Exempt Property		Total Assessed Value	Total Direct Tax Rate	Estimated Actual Market Value	Assessed Value as a Percent of Actual Value
\$	59,956,991	\$ 15,538,736,056	0.858	\$ 18,091,437,950	85.89%
	62,197,005	15,689,990,180	0.858	18,269,667,186	85.88%
	61,832,450	15,899,136,125	0.858	18,726,408,865	84.90%
	64,439,641	16,075,973,471	0.858	18,896,681,052	85.07%
	66,527,135	16,632,360,368	0.858	19,398,362,762	85.57%
	67,500,359	16,501,943,134	0.878	19,323,118,424	85.40%
	67,617,005	16,778,182,392	0.878	19,676,536,170	85.27%
	71,244,631	17,024,519,084	0.878	19,932,700,016	85.41%
	81,081,408	18,330,900,870	0.838	19,247,060,972	95.24%
	80,381,765	18,681,613,587	0.850	20,299,482,328	92.03%

ORANGE COUNTY, NORTH CAROLINA

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years (Unaudited)

	For Year Ended June 30			
	2019	2018	2017	2016
County Direct Rates				
Orange County (1)	\$ 0.0850	\$ 0.0838	\$ 0.0878	\$ 0.0878
Total general direct rate	0.0850	0.0838	0.0878	0.0878
Fire Districts (2)	0.0875	0.0712	0.0603	0.0623
Total direct rate	\$ 0.1726	\$ 0.1550	\$ 0.1481	\$ 0.1501
Fire districts:				
Cedar Grove				
Chapel Hill				
Damascus				
Efland				
Eno				
Little River				
New Hope				
Orange Grove				
Orange Rural				
South Orange				
Southern Triangle				
White Cross				
Chapel Hill-Carrboro School District	0.0202	0.0218	0.2084	0.2084
Municipality rates:				
Chapel Hill	0.5280	0.5080	0.5240	0.5240
Carrboro	0.5944	0.5894	0.5894	0.5894
Hillsborough	0.6200	0.6200	0.6800	0.6800
Mebane	0.4700	0.4700	0.4900	0.4900

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

2015	2014	2013	2012	2011	2010
\$ 0.0878	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.0858	\$ 0.0858
0.0878	0.0858	0.0858			
0.0599	0.0663	0.0593			
\$ 0.1477	\$ 0.1521	\$ 0.1451			
			0.0736	0.0736	0.0736
			0.0750	0.0750	0.0750
			0.0500	0.0500	0.0600
			0.0466	0.0466	0.0460
			0.0599	0.0599	0.0599
			0.0406	0.0406	0.0406
			0.0895	0.0695	0.0695
			0.0408	0.0358	0.0580
			0.0561	0.0636	0.0636
			0.0785	0.0785	0.0785
			0.0500	0.0500	0.0500
			0.0700	0.0600	0.0600
0.2084	0.2084	0.1884	0.1884	0.1884	0.1884
0.5240	0.5140	0.4940	0.4940	0.4940	0.4940
0.5894	0.5894	0.5894	0.5894	0.5894	0.5894
0.6800	0.6800	0.6800	0.6200	0.6200	0.6200
0.4900	0.4700	0.4700	0.4700	0.4700	0.4700

ORANGE COUNTY, NORTH CAROLINA
Table 7
**Principal Property Tax Payers
Current Year and Ten Years Ago
(Unaudited)**

Taxpayer	Type of Business	2019			2010		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Carolina LLC	Public utility	\$ 136,245,251	1	0.73%	\$ 94,869,266	1	0.61%
Chapel Hill Foundation Real Estate Holdings Inc	Apartments/Retail	101,301,200	2	0.54%			
BIR Chapel Hill LLC	Apartments/Retail	68,603,700	3	0.37%			
Piedmont Electric Membership	Public utility	62,225,565	4	0.33%	45,741,871	4	0.29%
Northwestern Mutual Life Insurance Co	Apartments rental	57,323,501	5	0.31%			
State Employees' Credit Union	Bank	50,353,425	6	0.27%			
Public Service Co of NC Inc	Public utility	50,339,464	7	0.27%			
East 54 Office Retail LLC	Office/Retail	40,135,700	8	0.21%			
Granville Towers LLC	Apartment rental	37,337,524	9	0.20%			
Chapel Hill at the Pointe Villager LLC	Apartment rental	36,842,700	10	0.20%			
VAC Limited Partnership	Apartments rental				59,897,913	2	0.39%
US CT LLC	Propert Owners Trust				50,006,530	3	0.32%
Blue Cross and Blue Shield of N.C.	Health Insurance				35,399,117	5	0.23%
Corium LLC	Insurance provider				35,064,768	6	0.23%
Madison University Mall Properties	Retail				34,208,856	7	0.22%
Bell South Telephone and Telegraph Co.	Public Utility				30,519,455	8	0.20%
Europa Center LLC	Hotel				27,665,143	9	0.18%
DDRM Meadowmont Village Center LLC	Real Estate				25,068,256	10	0.16%
Total		<u>\$ 640,708,030</u>		<u>3.43%</u>	<u>\$ 438,441,175</u>		<u>2.82%</u>

Source: Orange County Tax Assessor.

ORANGE COUNTY, NORTH CAROLINA

Property Tax Levies and Collections Last Ten Fiscal Years (Unaudited)

<u>Tax Year</u>	<u>Year Ended June 30</u>	<u>Current* Adjusted Tax Levy</u>	<u>Current Years' Levy Collections</u>	<u>Percentage Collected</u>
2009	2010	\$ 133,475,926	\$ 131,642,477	98.63%
2010	2011	135,126,347	133,163,625	98.55%
2011	2012	136,779,611	134,715,752	98.49%
2012	2013	137,962,627	135,750,916	98.40%
2013	2014	142,778,607	141,033,067	98.78%
2014	2015	145,238,432	143,903,487	99.08%
2015	2016	146,967,477	145,747,667	99.17%
2016	2017	149,566,210	148,358,015	99.19%
2017	2018	153,783,722	152,424,863	99.12%
2018	2019	159,101,577	157,743,510	99.14%

*Tax levy includes special districts

** This percent was calculated using the prior years levy receivable and the current year levy. Prior to 2013 the current year levy was the only levy used to calculate.

Table 8

Prior Years' Levy Collections		Total Collections During Year	Percent of Total Collections to Adjusted Tax Levy		Total Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Adjusted Tax Levy
\$	1,540,429	\$ 133,182,906	99.78%		\$ 3,953,556	2.96%
	1,606,528	134,770,153	99.74%		3,550,073	2.63%
	1,157,337	135,873,089	99.34%		3,904,558	2.85%
	1,636,473	137,235,475	99.47%		4,479,776	3.25%
	2,026,279	143,059,346	97.34%	**	4,199,037	2.94%
	1,504,945	145,408,432	97.30%	**	4,029,037	2.77%
	1,309,964	147,057,631	97.39%	**	3,938,883	2.68%
	1,155,219	149,513,234	97.39%	**	3,991,858	2.67%
	1,179,696	153,604,559	97.39%	**	4,171,021	2.71%
	1,332,779	159,076,289	97.42%	**	4,196,309	2.64%

ORANGE COUNTY, NORTH CAROLINA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General	Installment	Capital	State	Premiums
	Obligation Bonds	Loans	Leases	Revolving Loans	
2010	\$ 112,520,000	\$ 109,163,100	\$ 2,049,520	\$ -	\$ 1,160,617
2011	103,490,000	109,732,854	3,200,000	-	1,490,486
2012	95,520,000	114,393,535	2,486,176	-	15,685,846
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

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

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

Table 9

Business-Type Activities				Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)	
Installment Loans	Capital Leases	Premiums					
\$	8,147,895	\$	1,004,725	\$	234,045,857	1,768	3.78%
	7,661,455		1,024,821		226,599,616	1,694	3.61%
	10,175,318		606,855		238,867,730	1,724	3.61%
	9,429,225		325,128		222,085,624	1,605	3.11%
	8,724,908		-		223,047,016	1,597	3.04%
	9,980,805		-		217,765,216	1,538	2.88%
	9,799,916		-		200,605,333	1,416	2.56%
	12,185,551		-		190,342,488	1,329	2.14%
	11,164,960		-	328,071	209,538,631	1,456	2.36%
	11,501,093		-	496,643	268,657,659	1,861	2.76%

ORANGE COUNTY, NORTH CAROLINA

Table 10

Ratios of Net General Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Percentage of Personal Income (1)	Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
	General Obligation Bonds	Installment Loans	State Revolving loan	(Discount) Premium	Total			
2010	\$ 112,520,000	\$ 109,163,100	\$ -	\$ 1,160,617	\$ 222,843,717	3.60%	1.43%	1,683
2011	103,490,000	109,732,854	-	1,490,486	214,713,340	3.43%	1.37%	1,605
2012	95,520,000	114,393,535	-	15,685,846	225,599,381	3.41%	1.42%	1,628
2013	86,205,000	105,697,170	2,099,099	16,583,769	210,585,038	2.95%	1.31%	1,522
2014	77,150,000	120,189,844	1,663,703	15,318,561	214,322,108	2.92%	1.29%	1,534
2015	68,355,000	122,631,057	2,679,597	14,118,757	207,784,411	2.75%	1.26%	1,467
2016	59,280,000	118,995,610	2,533,957	9,995,850	190,805,417	2.44%	1.14%	1,347
2017	50,430,000	117,955,775	2,388,317	7,382,845	178,156,937	2.01%	1.05%	1,244
2018	71,185,000	111,568,633	2,242,677	13,049,290	198,045,600	2.23%	1.08%	1,377
2018	125,740,000	112,389,455	2,097,037	16,433,431	256,659,923	2.64%	1.37%	1,778

*Information not yet available.

Notes: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

- (1) See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
 (2) See Table 5 for property value data.

ORANGE COUNTY, NORTH CAROLINA

Legal Debt Margin Information Last Ten Fiscal Years

	For Year Ended June 30			
	2019	2018	2017	2016
Assessed value of property	\$ 18,681,613,587	\$ 18,330,900,870	\$ 17,024,519,084	\$ 16,778,182,392
Debt limit, 8% of assessed value (statutory limitation)	1,494,529,087	1,466,472,070	1,361,961,527	1,342,254,591
Amount of debt applicable to limit:				
Gross debt	240,226,492	184,996,310	170,774,092	180,809,567
Less:				
Amount available for repayment of general obligation bonds	-	-	-	-
Debt outstanding for water and sewer purposes	-	-	-	-
Revenue bonds	-	-	-	-
Total net debt applicable to limit	240,226,492	184,996,310	170,774,092	180,809,567
Legal debt margin	\$ 1,254,302,595	\$ 1,281,475,760	\$ 1,191,187,435	\$ 1,161,445,024
Total net debt applicable to limit as a percentage of debt limit	16.07%	12.62%	12.54%	13.47%

Note: NC Statute 159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit; money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds yet to be issued; and revenue bonds. The debt limit and the County's net debt outstanding applicable to the limit and represents the County's legal borrowing authority.

Table 11

2015	2014	2013	2012	2011	2010
\$ 16,501,943,134	\$ 16,632,360,368	\$ 16,075,973,471	\$ 15,899,136,125	\$ 15,689,990,180	\$ 15,538,736,056
1,320,155,451	1,330,588,829	1,286,077,878	1,271,930,890	1,255,199,214	1,243,098,884
193,665,654	199,003,547	194,001,269	209,913,535	213,222,854	221,683,100
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
193,665,654	199,003,547	194,001,269	209,913,535	213,222,854	221,683,100
\$ 1,126,489,797	\$ 1,131,585,282	\$ 1,092,076,609	\$ 1,062,017,355	\$ 1,041,976,360	\$ 1,021,415,784
14.67%	14.96%	15.08%	16.50%	16.99%	17.83%

ORANGE COUNTY, NORTH CAROLINA

Table 12

**Direct and Overlapping Governmental Activities Debt
(Unaudited)
As of June 30, 2019**

Governmental Unit	Debt Outstanding	(2) Percentage Municipality in County	Estimated Share of Direct and Overlapping Debt
Municipalities:			
Town of Carrboro	\$ 4,291,667	100%	\$ 4,291,667
Town of Chapel Hill	60,673,000	100%	60,673,000
Town of Hillsborough	32,373,679	100%	32,373,679
City of Durham	656,730,000	3%	19,701,900
Town of Mebane	11,758,056	30%	3,527,417
Overlapping debt	<u>765,826,402</u>		<u>120,567,663</u>
Direct debt	240,226,492		240,226,492
Total direct and overlapping debt:	<u><u>\$ 1,006,052,894</u></u>		<u><u>\$ 360,794,155</u></u>

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

Source: (2) The percentage of overlapping is computed by dividing the population of Orange County residents in the municipality by the municipality total population.

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Year	Population (1)	Personal Income (2) (Thousands of Dollars)	Per Capita Personal Income (2)	Median Age	Public Schools Enrollment (3)	Unemployment Rate (4)	Number of Building Permits Performed (5)
2010	132,386	\$ 6,186,351	\$ 47,063	33.00	18,552	6.6%	1,215
2011	#####	6,268,886	47,925	33.10	19,026	6.5%	1,962
2012	138,550	6,608,945	46,713	33.00	19,462	6.5%	1,640
2013	138,330	7,131,776	48,683	33.49	19,553	6.2%	1,769
2014	139,694	7,345,876	51,702	33.49	20,051	5.7%	1,791
2015	141,596	7,557,466	52,339	34.57	20,202	4.8%	1,852
2016	141,704	7,822,229	55,201	35.05	20,040	4.4%	3,026
2017	143,264	8,884,312	62,014	35.05	19,959	4.6%	1,793
2018	143,873	8,884,312	61,751	33.60	20,232	3.5%	2,937
2019	144,372	9,728,507	67,385	33.60	20,938	4.0%	2,087

Notes:

- (1) N.C. State Data Center. Estimates are as of beginning of fiscal year.
(2) Bureau of Economic Analysis, U.S. Department of Commerce. Figures are for the prior calendar year. 2018 personal income not available, prior year figures are repeated.
(3) Orange County Finance and Administrative Services budget student numbers
(4) N.C. Employment Security Commission, Annual Average for prior calendar year.
(5) Total number of building permits issued by Orange County Inspections Department.
Includes inspections by municipalities.

ORANGE COUNTY, NORTH CAROLINA

Table 14

Principal Employers Current Year and Nine Years Ago (Unaudited)

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
UNC-Health Care	12,742	1	16.07%	7,825	2	12.26%
UNC Chapel Hill	12,274	2	15.48%	12,935	1	20.02%
Chapel Hill-Carrboro City Schools	1,776	3	2.24%	2,196	3	3.44%
Orange County Government	1,135	4	1.43%	1,224	5	1.92%
Orange County Schools	1,031	5	1.30%	942	6	1.48%
Town of Chapel Hill	949	6	1.20%	884	7	1.39%
UNC Physicians Network LLC	697	7	0.88%			
ABB (formerly General Electric)	552	8	0.70%	403	10	0.64%
AKG of America	446	9	0.56%			
Aramark Services	379	10	0.48%			
Blue Cross Blue Shield				2,700	4	1.94%
HRR Prime LLC				531	8	0.83%
Harris Teeter, Inc				519	9	0.81%

Source: Orange County Economic Development Commission, Employment Security Commission

ORANGE COUNTY, NORTH CAROLINA

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

Function/Program	For Year Ended June 30			
	2019	2018	2017	2016
Government and management	-	-	-	-
General services	-	-	-	-
Community and environment	-	-	-	-
Human services	-	-	-	-
Public safety	-	-	-	-
Cultural and recreational	-	-	-	-
Solid Waste Enterprise	-	-	-	-
Community Services	161.40	153.20	145.00	132.80
General Government	104.43	93.23	98.83	100.43
Human Services	358.01	364.60	356.23	341.76
Support Services	73.90	75.90	77.10	74.30
Public Safety	288.60	236.10	285.98	269.58
Solid Waste	65.48	64.75	65.85	62.65
Total	1,051.82	987.78	1,028.99	981.52

Source: County Finance and Administrative Services Department

Note: Orange County changed to Functional Leadership Teams in fiscal year 2015-16; the 2016 numbers are reflected of this organizational change.

This table represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full-time personnel work 2,080 hours per year (less vacation and sick leave). For purposes of this table the number of part-time employees has been divided by 2.5 to arrive at the full-time equivalents.

Table 15

2015	2014	2013	2012	2011	2010
101.75	96.15	91.95	94.40	91.55	109.80
86.03	78.50	61.10	62.90	60.15	84.80
95.20	89.40	92.50	84.70	90.90	87.60
297.86	312.48	293.43	308.10	304.50	325.40
265.28	262.90	263.68	246.80	241.20	227.20
29.53	33.00	35.15	28.43	29.83	24.03
62.28	60.25	58.20	57.25	53.10	51.40
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
937.93	932.68	896.01	882.58	871.23	910.23

ORANGE COUNTY, NORTH CAROLINA

Operating Indicators by Function Last Ten Fiscal Years (Unaudited)

Function/Program	For Year Ended June 30			
	2010	2011	2012	2013
Governing and Management:				
Number of animals sheltered	4,037	3,750	3,419	3,495
Number of rabies investigations	243	140	108	101
Employment applications received	1,979	3,000	3,347	9,256
General Services:				
Incoming Calls to Technology Help Desk	4,561	6,409	7,879	9,086
Real Estate documents processed	23,875	23,804	22,901	25,904
Vital records recorded and issued	18,454	18,321	18,188	18,308
Community and Environment:				
Building permits issued	667	658	661	635
Building, plumbing, mechanical, and electrical inspections completed	12,125	15,400	13,092	10,648
Human Services:				
Households receiving food stamps	3,785	5,403	6,234	6,504
Individuals receiving food stamps	N/A	N/A	N/A	N/A
Number of Medicaid cases	6,952	7,089	9,532	10,028
Number of families receiving daycare subsidy	655	560	715	741
Total number of dental patient visits	3,945	2,277	3,605	4,747
Family planning clients served	1,189	1,431	1,004	1,104
Public Safety:				
Requests for EMS service	10,988	11,655	13,287	13,132
Number of fire inspections	90	300	279	272
Average number of non-federal inmates per month	175	170	180	180
Culture and Recreation:				
Library materials circulated at Orange County Library	271,066	337,010	405,282	444,261
Number of reference volumes at Orange County Library	3,766	2,555	2,600	3,161
Education:				
Average daily membership (NCDPI Planning #'s)	18,696	18,990	19,549	19,757
County current expense appropriation per pupil (\$)	3,096	3,096	3,102	3,167

N/A - Information was not available

Source: Orange County Finance and Administrative Services Department

Table 16

2014	2015	2016	2017	2018	2019
3,258	3,246	3,162	2,934	2,966	3,058
186	232	86	72	121	112
7,980	6,703	8,891	7,519	6,453	6,793
11,020	11,825	12,416	10,696	10,842	10,351
19,672	19,214	19,969	20,558	18,740	16,357
17,988	18,909	20,297	22,164	20,945	2,339
666	815	890	891	986	1,045
10,688	14,900	17,000	16,616	18,477	17,443
6,634	N/A	N/A	N/A	N/A	N/A
N/A	11,793	10,640	11,492	9,880	14,478
13,575	12,960	12,496	12,867	13,066	12,033
700	685	710	750	721	792
5,279	6,131	6,949	6,924	6,840	7,215
1,317	1,812	1,032	1,026	829	772
12,554	13,810	16,607	16,908	17,227	18,306
379	400	308	366	350	511
170	173	76	76	75	75
422,265	442,367	450,372	427,632	463,348	434,993
2,697	2,240	2,897	2,672	2,813	2,725
20,051	20,202	20,040	19,959	20,232	20,398
3,269	3,571	3,698	3,868	3,991	4,165

ORANGE COUNTY, NORTH CAROLINA

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

Function/Program	For Year Ended June 30			
	2010	2011	2012	2013
Human Services:				
Public health occupied square footage	18,400	18,400	33,638	33,638
Social services occupied square footage	27,595	60,181	59,825	59,825
Cooperative extension occupied square footage	4,986	4,986	4,986	4,986
Number of centers	13	13	13	13
Public Safety:				
Number of law enforcement vehicles	125	129	137	141
Number of emergency services vehicles	38	33	28	31
Number of animal control vehicles	8	8	6	6
Detention capacity	129	129	129	129
Cultural and Recreational:				
Libraries - branches	5	3	3	3
Volume of library books	271,066	195,282	113,978	100,843
Education:				
Number of schools	29	29	29	29

Source: Orange County Finance and Administrative Services Department

Table 17

2014	2015	2016	2017	2018	2019
30,027	31,433	31,433	31,433	31,433	31,433
55,430	55,437	55,437	55,437	55,437	55,437
4,968	5,198	5,198	5,198	5,198	5,198
13	14	15	15	15	15
153	146	143	143	152	143
32	34	34	34	39	39
6	6	6	6	6	7
129	129	129	129	129	129
3	3	3	3	3	3
103,259	111,421	114,580	114,580	111,682	112,054
30	30	30	30	30	30