

**LINCOLN COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**



**LINCOLN COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared By  
Finance Department**

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# **LINCOLN COUNTY**

## **NORTH CAROLINA**

### **BOARD OF COMMISSIONERS**

CARROL D. MITCHEM, CHAIRMAN

BILL BEAM, VICE-CHAIRMAN

CECELIA A. MARTIN

MARTIN OAKES

ALEX E. PATTON

KELLY ATKINS, COUNTY MANAGER

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# **LINCOLN COUNTY, NORTH CAROLINA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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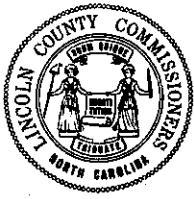
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# COUNTY OF LINCOLN, NORTH CAROLINA

115 WEST MAIN STREET, 3RD FLOOR CITIZENS CENTER, LINCOLNTON, NORTH CAROLINA 28092

## FINANCE DEPARTMENT

(704) 736-8865  
FAX (704) 735-0273

January 27, 2016

Chairman Cecelia Martin,  
Board of County Commissioners,  
And the Citizens of Lincoln  
County, North Carolina

The Comprehensive Annual Financial Report (CAFR) for Lincoln County, North Carolina, for the fiscal year ended June 30, 2015, is hereby submitted. The report consists of management's representations concerning the finances of Lincoln 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 Lincoln County has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse and to compile reliable information for the preparation of Lincoln County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of internal controls should not outweigh their benefits. Lincoln County's internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Lincoln County's financial statements have been audited by Martin Starnes & Associates CPAs, P.A. The goal of the independent audit was to provide reasonable assurance that the financial statements of Lincoln County for the fiscal year ended June 30, 2015, are free from material misstatement. The independent 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Lincoln County's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

The Comprehensive Annual Financial Report (CAFR) has been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*. Additionally, the financial statements have been prepared in compliance with applicable requirements of the General Statutes of North Carolina and are consistent with the standards and guidelines recognized for governmental accounting and financial reporting contained in both *Audits of State and Local Governmental Units*, an audit guide prepared by the Committee of Governmental Accounting of the American Institute of Certified Public Accountants (AICPA), and *Government Auditing Standards*, issued by the Comptroller General of the United States. Among other resources used in the preparation of the financial statements, the Finance Department Staff has given particular attention to *Governmental Accounting*,

*Auditing, and Financial Reporting* (GAAFR) issued by the Government Finance Officers Association of the United States and Canada (GFOA), and Governmental Accounting Standards Board (GASB) pronouncements.

The Single Audit Act of 1984 established requirements for state and local governments that receive federal assistance. The audit requirements have also been adopted by the State of North Carolina for state grants. Information related to this single audit, including the schedule of federal and state financial awards, schedule of findings and questioned costs, auditor's report on internal control and compliance with laws and regulations, and other schedules and exhibits necessary to satisfy the requirements of the single audit, are included in the single audit section.

Generally Accepted Accounting Principles 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 the MD&A and should be read in conjunction with it. Lincoln County's MD&A is presented immediately following the report of our independent auditors.

#### **Financial Reporting Entity**

The 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. Control by, or dependence on, the County was determined in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) and included in the GASB's guidance in defining the governmental reporting entity.

The financial reporting entity includes all funds and account groups of Lincoln County, as well as its component units. Component units are legally separate entities for which Lincoln County is financially accountable.

The East Lincoln County Water and Sewer District Fund and the Lincoln County ABC Board are component units of Lincoln County and presented as proprietary funds. Proprietary funds are used to account for a government's continuing business-type organizations and activities. Most of the generally accepted accounting principles of proprietary funds are those applicable to similar private businesses. Effective July 1, 2007 the assets of the East Lincoln County Water and Sewer District were transferred to the Lincoln County Water and Sewer Fund to allow the sewer system to serve a larger area in a rapidly growing portion of the County. The Sewer District will remain in existence and levy a tax until the existing debt service of the District is repaid.

State Statutes require the adoption of an annual balanced budget for all funds, except the agency fiduciary funds and those authorized by project ordinance. Expenditures may not legally exceed appropriations at the functional level for the general fund, the departmental level for the special revenue funds and enterprise funds and at the object level for the capital project funds. The annual budget serves as the basis for the County's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display all of the County's financial operations including funding for various agencies outside the County's organizational structure. The County Manager submits the annual balanced budget to the Board of Commissioners before June each year. A public hearing on the budget is held in the middle of June with an expected budget adoption by June 30. In accordance with North Carolina statutes, the governing board shall adopt a budget not earlier than ten days after the budget is presented to the Board and no later than July 1.

During the fiscal year, the County Manager is authorized to transfer budgeted amounts within objects of a department and up to \$50,000 between departments of the same fund; however, any revisions that alter the total budget of any fund must be approved by the Board of Commissioners.

### **Profile of the Government**

The County is located in the western portion of the North Carolina Piedmont Plateau, approximately 165 miles west of Raleigh, the State Capital, and 30 miles northwest of Charlotte, the state's largest city. The County was formed in 1779 and has a total land area of approximately 308 square miles. The City of Lincolnton, with an estimated 2011 population of approximately 10,517 is the center of an urban area of 15,000, the County seat, and the only incorporated municipality in the County. The County's population as of July 1, 2014, according to the State Demographer, was 80,202.

There is growing suburban development and extensive construction in the eastern portion of the County along and near Lake Norman, the state's largest man-made lake by surface area, with approximately 520 miles of shoreline. This area is within 30 minutes of uptown Charlotte and has experienced significant residential and commercial growth in recent years.

### **Economic Diversity**

A combination of diversified industries, agricultural production, and major distribution centers contributes to the economy of the County. The main agricultural pursuits are poultry production, dairy farming, apple production and field crops and vegetable production, with a new and growing focus on blackberries. The major industrial employers are in metal and electronics manufacturing, specialty textiles, home products, food processing and motorsports.

The Lincolnton and Lincoln County Micropolitan Area was ranked 4<sup>th</sup> nationally by *Site Selection* magazine in 2010 for its ability to secure new and expanded industrial projects. Since 2004, the Lincoln County Micropolitan Area had been ranked in the top 25 every year except for one.

Fiscal year 2015 saw a large increase in residential construction on the eastern end of the County. Trilogy Corporation will be constructing over 1,500 homes, along with associated greenways, and commercial space. There were also several other permits issued for residential developments, with over 300 and 500 homes to be built, respectively.

Fiscal year 2014 saw four economic development announcements. The Lincolnton-Lincoln County Airport is seeking to expand and construct a business park, with a possible \$7,000,000 investment in buildings and airplane hangars.

Fiscal year 2013 saw five economic development announcements. Borghetti Turbos announced that they will come to Lincoln County and make an investment of \$7,000,000 and add 127 new jobs. Tenowo also announced an expansion of their facilities valued at over \$3,000,000, with 12 new jobs added.

In 2012, there were several job creation announcements. Robert Bosch Tool made an investment of over \$3,500,000 and added ten jobs. Rato North America added 40 jobs in the area, and Sabo USA created another 12 jobs at its facility in Lincoln County. Since June, there have been several other announcements of investments and job creation, so the picture in Lincoln County is looking more positive.

## **Capital Improvement Program**

With the 2008 – 2009 budget adoption, the Board of Commissioners approved the first formal Capital Improvement Program (CIP) for the County covering six years of capital needs. One of the capital needs being addressed is office space for court and County administrative functions. A committee considered options which consisted of purchasing and renovating existing facilities or the construction of a new facility. As a means to immediately address some of the office space needs, in 2006 the Board of Commissioners entered into a lease for a former bank building in downtown Lincolnton, which included an option to purchase the building if the County chooses. The County exercised that option in Fiscal Year 2013. County offices previously located in the Courthouse have relocated to this building providing much needed space and freeing up space in the Courthouse for court functions.

At the same September 2006 meeting the Board of Commissioners also approved an agreement that allowed Lincoln Health System to enter into an agreement for Carolinas Healthcare System to apply for a certificate of need to construct the previously-mentioned new hospital in Lincolnton. The certificate of need was received in 2008, and construction began soon after. This hospital was completed and occupied on July 10, 2010. On September 1, 2010 the former facility reverted back to Lincoln County, which plans to use the facility for county office space. In October, 2008, the Board of Commissioners approved an architect to perform a detailed space study of all county departments and how their needs can best be addressed in light of the hospital facility becoming available. The space study was completed and the project moved to the next phase, the schematic design of the facility, which had the architect to determine a more accurate estimate of the renovation costs. The next phase will be to arrange financing and begin renovations. After this facility is renovated and existing county offices are moved in, the offices currently occupied by county departments will also be renovated for court and related functions needed by the County in the downtown area.

The Lincoln County Board of Education at their September 2003 joint meeting with the Board of Commissioners presented a ten-year capital facility plan. This plan projected school enrollment versus capital needs over the next ten years. The list of capital needs included renovations to existing facilities along with the construction of various new schools throughout the County. In keeping with this plan, the Board of Commissioners in the fall of 2007 approved an additional school bond referendum in the amount of \$44.6 million that was presented for voter approval on May 6, 2008. This referendum was approved by the voters. It has provided funds for renovation and expansion of existing buildings, expansion of the bus garage, a new technology arts building, and a new elementary school. These bonds, which were originally proposed to be issued over three fiscal years, are being spread over a longer period due to a decline in the economy and a slight decline in school enrollment. The first issuance of \$13 million, along with an additional \$2 million of authorized but unissued 2004 bonds was issued in October, 2008. The second installment of this financing, \$8.5 million, was issued in February, 2010. The third installment, in the amount of \$9.6 million, was issued in February, 2011. The final amount of unissued bonds remaining, \$13.5 million, has been delayed until January 2015, or such time as is deemed necessary, due to the economic downturn and school enrollment numbers. By selling these bonds over an eight year period, we can meet the cash flow needs of the schools on these projects and spread our debt over a longer period. To meet the additional debt requirements needed for these additional bonds, the tax rate for fiscal year 2008 – 2009 was increased 4.0 cents. Of this amount, 3.19 cents was dedicated to current and future school debt repayment. After fiscal year 2011 – 2012, the debt service on school debt decreases each year until fiscal year 2015 – 2016, where there is a slight increase for one year when the last of the bonds are issued. The 2003 and part of the 2006 bonds

were refunded in November, 2013. This will result in a slightly lower debt service burden for the remaining life of the bonds. The remaining 2006 bonds were refunded in Fiscal Year 2015.

Lincoln County completed construction of a new wastewater treatment plant in October 2010. The new treatment facility has an initial capacity of 1.67 MGD and will be expandable up to 8.0 MGS as future flows require. This project, estimated at \$22 million, is being funded by a State revolving loan of \$17.5 million and an installment financing of \$2.5 million. It is to be repaid from sewer fees and capacity development fees from current and future customers. The balance came from funds accumulated within the Water and Sewer Fund.

### **Long Term Planning**

As one of the principal goals of the Planning and Inspections Department, Long Range Planning includes several projects which provide guidance for the future development throughout Lincoln County. The staff continues to work on many long term projects simultaneously with advisement from the Board of Commissioners, Planning Board and the citizens. Permitting activity has significantly increased in Lincoln County over the past year

Staff and the planning board are examining existing zoning districts and how they correlate with the Lincoln County Land Use Plan and other small area plans. Considering the fact that zoning in Lincoln County has been in existence for nearly twenty years, it is prudent to examine how the County has changed. For example, there are water and sewer lines and future expansions that need to be considered when examining current and future density patterns. While it is likely that there will not be numerous zoning changes, it is important to recognize those areas that might need to be adjusted accordingly.

### **Education**

Funding for education remains a large expenditure category in our budget with a total of \$16,326,996 expended from the General Fund. In addition, \$2,210,955 was paid for capital project expenditures.

### **Other Postemployment Benefits**

The County provides certain other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees.

The County offers post-retirement health care benefits to all full-time County employees who retire with at least 20 years of service from the Local Government Retirement System. Effective September 1, 2005, the service requirement was increased to 25 years for new hires after that date. After the employee reaches age 65 or until they are eligible to receive Medicare Benefits, whichever occurs first, the coverage will be terminated and the County will provide a Medicare supplement. The County pays the same rate for insurance coverage for both retired employees post-retirement health care and for current employees with the balance paid by the employees or retirees. The County will fund this benefit on a pay-as-you-go basis for the upcoming year.

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*.

GASSB Statement No. 45 generally required that state and local governmental employers account for other post-employment benefits (OPEB) on an accrual basis similar to the manner that they currently account for pensions. GASB Statement No. 45 also requires disclosure of information on the plan in which an employer participates, the funding policy followed, and the actuarial valuation process and assumptions. The County is considered a "Phase 2" government under GASB Statement No. 45 and implemented the required changes in fiscal year 2008 – 2009.

#### **Awards and Acknowledgements**

##### *Certificate of Achievement for Excellence in Financial Reporting*

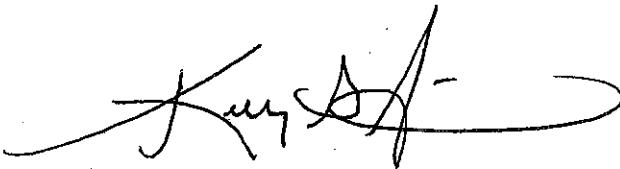
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lincoln County for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the eighteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

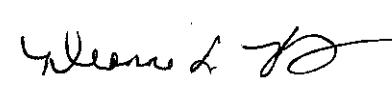
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### *Acknowledgements*

We appreciate the assistance and dedication of the Finance Department staff throughout the year, especially during the preparation of the CAFR. We would like to thank all members of the Department who contributed to its preparation and the County's independent certified public accountants, Martin Starnes & Associates, CPAs, for their assistance. The cooperation of each County department is appreciated as we work together in conducting the County's financial operations. We also express our appreciation to the members of the Board of County Commissioners for their continued support, guidance, and advice in planning and conducting the financial activities of the County in a responsible and progressive manner.

Respectfully submitted,

  
Kelly G. Atkins  
County Manager

  
Deanna L. Rios  
Finance Director



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Lincoln County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

A handwritten signature in black ink, appearing to read "Jeffrey P. Enzer".

Executive Director/CEO

## **LINCOLN COUNTY, NORTH CAROLINA**

### **Principal Officials**

**June 30, 2015**

#### **Board of County Commissioners**

**Carrol D. Mitchem, Chairman**

**Bill Beam, Vice-Chairman**

**Cecelia A. Martin**

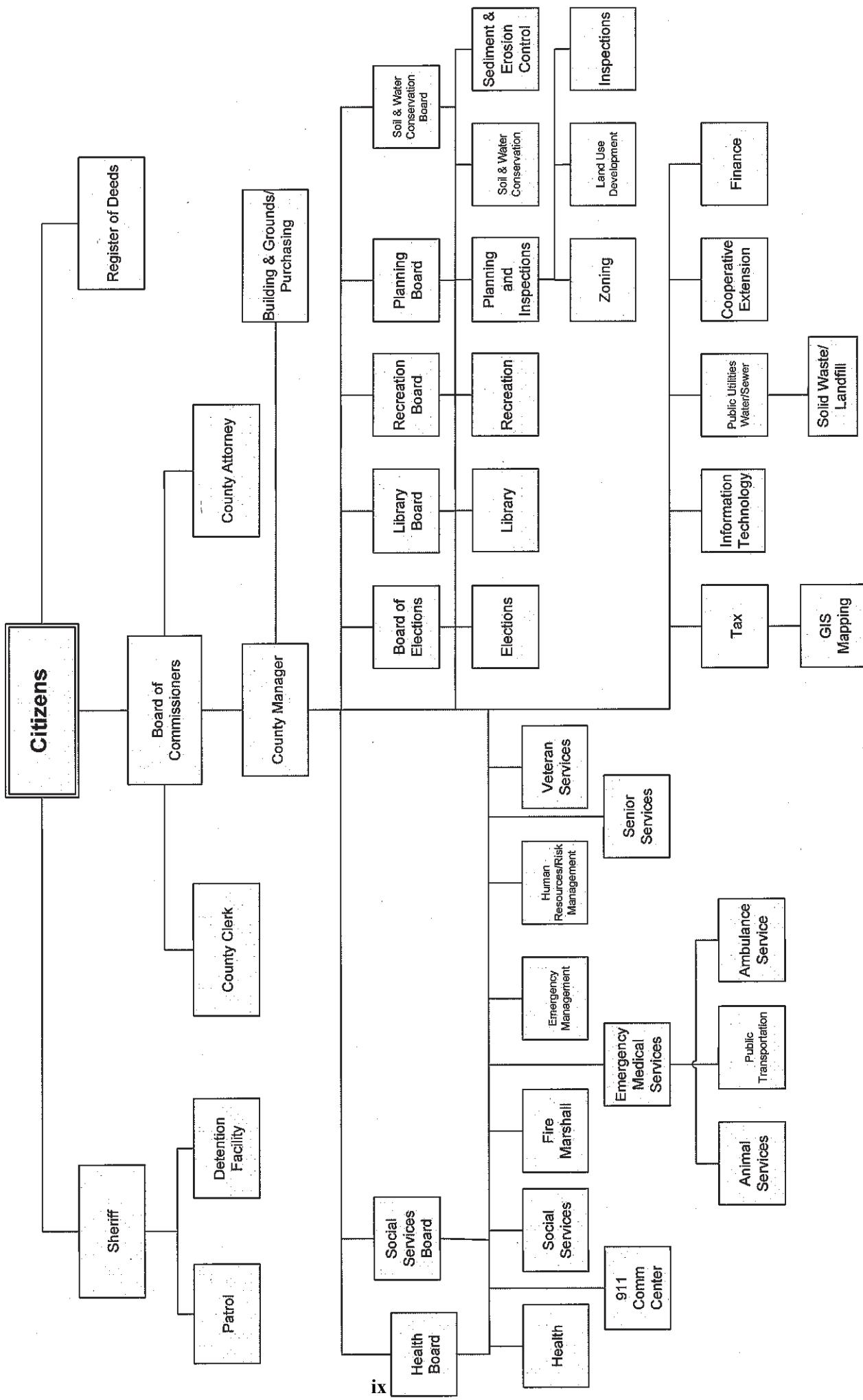
**Martin Oakes**

**Alex E. Patton**

#### **County Officials**

<b>Kelly Atkins</b>	<b>County Manager</b>
<b>Wesley Deaton</b>	<b>County Attorney</b>
<b>Danny Hester</b>	<b>Register of Deeds</b>
<b>David Carpenter</b>	<b>Sheriff</b>
<b>Ron Rombs</b>	<b>Animal Services</b>
<b>Donnie Fields</b>	<b>Buildings and Grounds</b>
<b>Tom Dyson</b>	<b>Cooperative Extension</b>
<b>Bradley Putnam</b>	<b>Elections</b>
<b>Bill Summers</b>	<b>Emergency Management</b>
<b>Ron Rombs</b>	<b>Emergency Medical Services</b>
<b>Deanna Rios</b>	<b>Finance Director</b>
<b>Margaret Dollar</b>	<b>Health</b>
<b>Jennifer Sackett</b>	<b>Library</b>
<b>Dante' Patterson</b>	<b>Information Technology</b>
<b>Andrew Bryant</b>	<b>Planning and Inspections</b>
<b>Don Chamblee</b>	<b>Public Works</b>
<b>John Davis</b>	<b>Recreation</b>
<b>Marti Hovis</b>	<b>Senior Services</b>
<b>Susan McCracken</b>	<b>Social Services</b>
<b>Rick McSwain</b>	<b>Soil Conservation</b>
<b>Susan Sain</b>	<b>Interim Tax Administrator</b>
<b>Ron Rombs</b>	<b>Transportation</b>
<b>Eric Robinson</b>	<b>Veterans Service</b>

# Lincoln County



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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Independent Auditor's Report**

To the Board of Commissioners  
Lincoln County  
Lincolnton, 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 Lincoln County, North Carolina, as of and for the year ended June 30, 2015, 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 Lincoln County ABC Board. Those statements were audited by another auditor whose report has been furnished to us and, our opinion, insofar as it relates to the amounts included for the Lincoln County ABC Board, is based solely on the report of another auditor. 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 Lincoln 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 Lincoln County, North Carolina, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective 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 Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employee's Retirement System Proportionate Share of Net Pension Liability (Asset) and Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions 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, economical, 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.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lincoln County's basic financial statements. The introductory information, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management; Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and statistical section 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 January 27, 2016, on our consideration of Lincoln 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 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 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 Lincoln County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

January 27, 2016

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## **Management's Discussion and Analysis**

As management of Lincoln County, we offer readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of Lincoln County for the fiscal year ended June 30, 2015. 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**

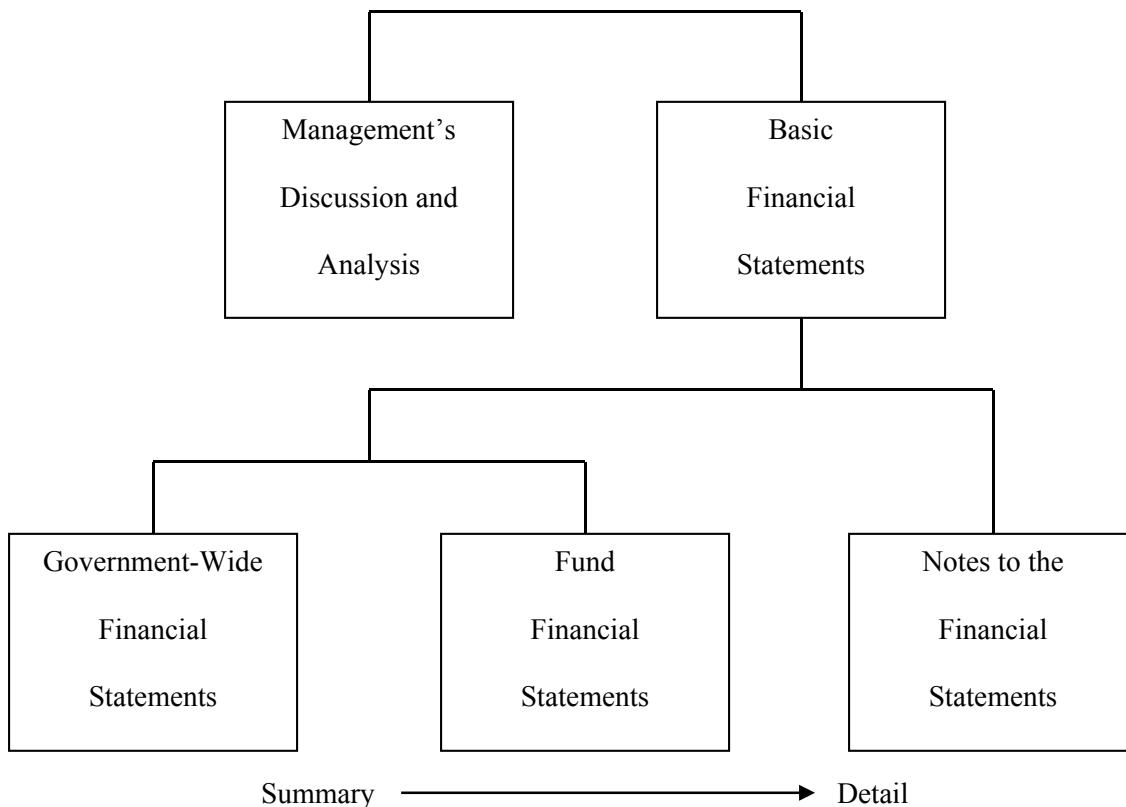
- The assets and deferred outflows of resources of Lincoln County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$39,444,145 (*net position*).
- Current year decreases in debt related to school construction and expansion of the water treatment plant were the primary factors contributing to the increase in the government's total net position of \$8,010,100.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$29,506,286, a decrease of \$2,580,210, in comparison with the prior year amount. This decrease was primarily due to a decrease in long-term liabilities related to unfunded pension obligations, compensated absences, and other post-employment benefits. This decrease was offset by an increase in the general fund of \$3,555,647 due to debt refunding and spending controls. Approximately 30.94% of this total amount, or \$9,130,130, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,307,623, or 24.08%, of total General Fund expenditures for the fiscal year.
- Lincoln County's total debt decreased by \$13,828,862, or 8.64%, during the current fiscal year. The key factor in this decrease was the principal payments on existing debt.
- The assets of the East Lincoln County Water and Sewer District were transferred to the Lincoln County Water and Sewer Fund on July 1, 2007 in order to better serve a rapidly growing area of the County. The East Lincoln County Water and Sewer District will remain in existence until all debt of the District incurred prior to the asset transfer is repaid.
- Standard & Poor's increased Lincoln County's bond rating from AA- to AA+ in September 2014. Lincoln County has maintained bond ratings of Aa3 from Moody's Investors Service and AA rating from Fitch Ratings as a result of our last ratings in January 2011. Fitch reaffirmed our rating in September 2013.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Lincoln 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 the financial statements (see Figure 1). 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 Lincoln County.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits A and B) 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 (Exhibits C through J) are the **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 Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the County's individual funds. 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.

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 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 public safety, parks and recreation, and general administration. Property taxes and State and Federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and solid waste services offered by Lincoln County. The final category is the component unit. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for 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 Exhibits A and B 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. Lincoln 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 Lincoln County can be divided into three categories: governmental funds, proprietary funds, 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*. This method also has 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.

Lincoln 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 citizens 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 statement provided for the General Fund demonstrates 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 statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds.** Lincoln County has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Lincoln County uses enterprise funds to account for its water and sewer activity and for its solid waste collection and disposal. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Lincoln County has five fiduciary funds, which are agency funds.

**Notes to the 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 the financial statements start after Exhibit J of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Lincoln County's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information starts after the Notes to the Financial Statements.

## Lincoln County's Net Position

**Figure 2**

	Governmental		Business-Type		Total	
	Activities		Activities		2015	2014
	2015	2014	2015	2014		
<b>Assets:</b>						
Current and other assets	\$ 41,586,690	\$ 42,330,425	\$ 16,615,648	\$ 14,235,090	\$ 58,202,338	\$ 56,565,515
Capital assets	61,060,680	57,808,578	76,289,878	75,695,921	137,350,558	133,504,499
Total assets	<u>102,647,370</u>	<u>100,139,003</u>	<u>92,905,526</u>	<u>89,931,011</u>	<u>195,552,896</u>	<u>190,070,014</u>
Deferred outflows of resources	<u>2,515,936</u>	<u>818,037</u>	<u>262,638</u>	<u>-</u>	<u>2,778,574</u>	<u>818,037</u>
<b>Liabilities:</b>						
Long-term liabilities						
outstanding	116,205,239	123,726,285	30,052,760	30,806,167	146,257,999	154,532,452
Other liabilities	<u>4,980,630</u>	<u>4,897,317</u>	<u>612,846</u>	<u>750,486</u>	<u>5,593,476</u>	<u>5,647,803</u>
Total liabilities	<u>121,185,869</u>	<u>128,623,602</u>	<u>30,665,606</u>	<u>31,556,653</u>	<u>151,851,475</u>	<u>160,180,255</u>
Deferred inflows of resources	<u>6,144,527</u>	<u>156,586</u>	<u>891,323</u>	<u>-</u>	<u>7,035,850</u>	<u>156,586</u>
<b>Net Position:</b>						
Net investment in capital assets	52,409,026	54,146,520	56,348,162	53,989,857	108,757,188	108,136,377
Restricted	7,513,118	9,177,119	-	-	7,513,118	9,177,119
Unrestricted	<u>(82,089,234)</u>	<u>(91,146,787)</u>	<u>5,263,073</u>	<u>4,384,501</u>	<u>(76,826,161)</u>	<u>(86,762,286)</u>
Total net position	<u>\$ (22,167,090)</u>	<u>\$ (27,823,148)</u>	<u>\$ 61,611,235</u>	<u>\$ 58,374,358</u>	<u>\$ 39,444,145</u>	<u>\$ 30,551,210</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Lincoln County exceeded liabilities and deferred inflows of resources by \$39,444,145 as of June 30, 2015. The County's net position increased by \$8,010,100 for the fiscal year ended June 30, 2015. One of the largest portions, \$108,757,188, reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Lincoln County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lincoln County's net 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.

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 98.32%
- Long-term liabilities decreased with a corresponding increase in capital assets. This is due to the fact that in North Carolina counties issue debt for school construction, but school systems report the assets. The Lincoln County Board of Education has buildings and improvements valued at over \$306 million.
- Essentially flat ad valorem tax revenue, an increase in sales tax revenue due to a general increase in retail sales in County
- Continued low cost of debt due to the County's high bond rating

## Lincoln County's Changes in Net Position

**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 8,710,495	\$ 9,016,040	\$ 13,100,455	\$ 11,381,206	\$ 21,810,950	\$ 20,397,246
Operating grants and contributions	13,072,616	12,568,827	-	-	13,072,616	12,568,827
Capital grants and contributions	2,143,834	2,179,514	-	834,730	2,143,834	3,014,244
General revenues:						
Property taxes	57,588,885	57,879,585	912,435	931,496	58,501,320	58,811,081
Other taxes	15,987,730	14,468,649	-	-	15,987,730	14,468,649
Other	420,286	479,719	48,656	19,989	468,942	499,708
<b>Total revenues</b>	<b>97,923,846</b>	<b>96,592,334</b>	<b>14,061,546</b>	<b>13,167,421</b>	<b>111,985,392</b>	<b>109,759,755</b>
<b>Expenses:</b>						
General government	17,453,401	15,128,230	-	-	17,453,401	15,128,230
Public safety	26,537,779	26,685,171	-	-	26,537,779	26,685,171
Economic and physical development	2,353,021	3,610,352	-	-	2,353,021	3,610,352
Human services	17,324,069	18,738,888	-	-	17,324,069	18,738,888
Cultural and recreational	2,610,692	2,360,608	-	-	2,610,692	2,360,608
Education	21,484,615	19,863,983	-	-	21,484,615	19,863,983
Interest on long-term debt	3,189,629	3,941,948	-	-	3,189,629	3,941,948
Solid waste	-	-	4,925,026	4,234,410	4,925,026	4,234,410
Water and sewer	-	-	8,097,060	8,472,594	8,097,060	8,472,594
<b>Total expenses</b>	<b>90,953,206</b>	<b>90,329,180</b>	<b>13,022,086</b>	<b>12,707,004</b>	<b>103,975,292</b>	<b>103,036,184</b>
Change in net position before transfers	6,970,640	6,263,154	1,039,460	460,417	8,010,100	6,723,571
<b>Transfers</b>	<b>-</b>	<b>(563,160)</b>	<b>-</b>	<b>563,160</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>6,970,640</b>	<b>5,699,994</b>	<b>1,039,460</b>	<b>1,023,577</b>	<b>8,010,100</b>	<b>6,723,571</b>
<b>Net Position</b>						
Beginning of year - July 1	(27,823,148)	(33,523,142)	58,374,358	57,350,781	30,551,210	23,827,639
Prior period adjustment	(1,314,582)	-	2,197,417	-	882,835	-
Beginning net position, restated	(29,137,730)	(33,523,142)	60,571,775	57,350,781	31,434,045	23,827,639
End of year - June 30	<b>\$ (22,167,090)</b>	<b>\$ (27,823,148)</b>	<b>\$ 61,611,235</b>	<b>\$ 58,374,358</b>	<b>\$ 39,444,145</b>	<b>\$ 30,551,210</b>

**Governmental Activities.** Governmental activities increased the County's net position by \$6,970,640. The key elements of this increase in 2015 were increased revenues from sales taxes and restricted intergovernmental revenues. There were decreases in expenditures in human services, cultural and recreational, and debt service.

**Business-Type Activities.** Business-type activities increased Lincoln County's net position by \$1,039,460. The business-type activities increase was primarily related to increases in availability fees and charges for services.

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

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

**Governmental Funds.** The focus of Lincoln County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Lincoln County's financing requirements. Specifically, unreserved 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 Lincoln County. At the end of the current fiscal year, available fund balance of the General Fund was \$21,381,081, while total fund balance reached \$27,162,136. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 25.35% of total General Fund expenditures, while total fund balance represents 32.20% of that same amount. This slight percentage increase is the result of increased revenues primarily increase in sales taxes and restricted intergovernmental revenues.

The General Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). At the end of the current fiscal year, total fund balance of the General Capital Projects Fund was (\$147,725), a decrease of \$3,068,046. The decrease is attributed to expenditures exceeding revenues and other financing sources, and closing of several projects along with transferring them out of the Fund.

At June 30, 2015, the governmental funds of Lincoln County reported a combined fund balance of \$29,506,286, an 8.04% decrease from last year. Decreases in the General Capital Projects Fund and School Capital Projects Fund were offset by an increase in the General Fund.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget projections on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and expenses by \$1,236,684. The largest part of this increase, \$711,777, was to increase revenues and expenses in our DSS and Health programs to account for additional revenues and expenditures to assist clients. The other increases were to account for grants and to carryover encumbered funds from the previous year in various departments.

**Proprietary Funds.** Lincoln County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to (\$2,540,231), the Water and Sewer Fund equaled \$7,722,232, and those for the East Lincoln County Water and Sewer District equaled \$81,072. The total change in net position for the three funds was (\$1,152,714), \$1,388,035, and \$804,139, respectively. The increase in the Water and Sewer Fund is primarily due to increases in charges for services. Other factors concerning the finances of these funds have already been addressed in the discussion of Lincoln County's business-type activities. Please refer to the Notes to Accounting Policies for a discussion of landfill closure/post-closure liabilities.

## Capital Asset and Debt Administration

**Capital Assets.** Lincoln County's capital assets for its governmental and business-type activities as of June 30, 2015 totals \$137,350,558 (net of accumulated depreciation). These assets include buildings, land, water and sewer line and treatment facilities, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchased new vehicles for law enforcement and various other departments
- Construction of new water distribution lines
- Construction of sewer collection lines
- Improvements to buildings
- Industrial park improvements

### Lincoln County's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,645,888	\$ 5,645,888	\$ 1,459,075	\$ 1,173,567	\$ 7,104,963	\$ 6,819,455
Buildings and structures	32,864,779	32,162,023	28,052,604	29,062,250	60,917,383	61,224,273
Other improvements	7,933,290	8,389,617	4,435,567	1,859,757	12,368,857	10,249,374
Machinery and equipment	3,632,279	2,907,301	2,646,960	3,020,392	6,279,239	5,927,693
Infrastructure	-	-	35,211,315	36,270,230	35,211,315	36,270,230
Vehicles and other equipment	3,142,395	2,758,186	-	-	3,142,395	2,758,186
Construction in progress	7,842,049	5,945,563	4,484,357	4,309,725	12,326,406	10,255,288
Total	<u>\$ 61,060,680</u>	<u>\$ 57,808,578</u>	<u>\$ 76,289,878</u>	<u>\$ 75,695,921</u>	<u>\$ 137,350,558</u>	<u>\$ 133,504,499</u>

Additional information on the County's capital assets can be found in Note 5 of the Basic Financial Statements.

**Long-Term Debt.** As of June 30, 2015, Lincoln County had total bonded debt outstanding of \$76,170,000, all of which is debt backed by the full faith and credit of the County.

### Lincoln County's Outstanding Debt General Obligation Bonds

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	<u>\$ 75,085,000</u>	<u>\$ 82,050,000</u>	<u>\$ 1,085,000</u>	<u>\$ 1,605,000</u>	<u>\$ 76,170,000</u>	<u>\$ 83,655,000</u>

Lincoln County's total bonded debt decreased by \$7,485,000, or 8.95%, during the past fiscal year, primarily due to paying off debt.

As mentioned in the financial highlights section of this document, Lincoln County, through rating confirmations, maintained an Aa3 bond rating from Moody's Investor Service and earned a AA+ rating from Standard and Poor's Corporation, and a AA rating from Fitch Ratings. These bond ratings are a clear indication of the sound financial condition of Lincoln County. 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 up to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Lincoln County is approximately \$588,000,000. The County had \$13,500,000 in school bonds, authorized but un-issued, at June 30, 2015.

Additional information regarding Lincoln County's long-term debt can be found in Note 6 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the County.

- Although the County unemployment rate for 2014-2015 averaged approximately 5.8%, slightly higher than the State average of 6.1%, the County remains lower than some of the surrounding counties which have lost more jobs than Lincoln County.
- The Lincoln County Industrial Park now has over 3.5 million square feet representing over \$250 million in investments.
- In March 2010, Site Selection Magazine ranked the Lincolnton and Lincoln County Micropolitan Area 4th nationally for its ability to secure new and expanded corporate facility projects.
- The County's proximity to Charlotte and major transportation corridors continue to make it attractive for development.
- The County has a relative low tax rate of 59.8 cents, which is less than the State average of 65.54 cents.
- Lincoln County had the first LEED Certified (Silver) distribution center in North Carolina, built during 2009.

### **Budget Highlights for the Fiscal Year Ending June 30, 2016**

**Governmental Activities.** The County adopted a General Fund budget in the amount of \$89,613,385 for the fiscal year ending June 30, 2016, an increase of \$911,801, or 1.03%, from the fiscal year 2015 budget. The majority of the budget increases were in Debt Service and Tax Department revaluation expenses. The property tax levy changed to \$.611 per \$100 valuation.

**Business-Type Activities.** The water and sewer rates in the County continue to remain stable with growth and customer base adequate to cover expenses, although tap and capacity fees have decreased due to the decline in construction. The water system recently completed construction of additional distribution lines. This construction has allowed for the continued expansion of residential and commercial growth in the eastern part of the County along with providing adequate water service for our industrial park in the northern part of the County. The County Water and Sewer System has also completed construction of a new \$22 million wastewater treatment facility, and complete demolition and removal of the old facility, which will allow for future growth in the eastern part of the County. Rates for landfill tipping fees have remained the same, and availability fees have also increased to \$86 per year to allow the accumulation of funds for future landfill cells and the closure of existing landfill cells.

## **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 Finance Director, Lincoln County, 115 West Main Street, Lincolnton, North Carolina 28092.

## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit
				Lincoln County ABC Board
<b>Assets:</b>				
Cash and cash equivalents	\$ 29,214,401	\$ 14,557,493	\$ 43,771,894	\$ 334,026
Taxes receivable (net)	1,397,998	105,550	1,503,548	-
Accounts receivable (net)	2,529,599	1,290,709	3,820,308	-
Due from other governments	3,008,039	138,428	3,146,467	-
Internal balances	(11,610)	11,610	-	-
Inventories	-	-	-	196,610
Prepaid items	799,685	-	799,685	-
Cash and cash equivalents, restricted	2,017,893	146,149	2,164,042	-
Net pension asset	2,630,685	365,709	2,996,394	-
Capital assets, non-depreciable	13,487,937	5,943,432	19,431,369	315,381
Capital assets, depreciable, net	47,572,743	70,346,446	117,919,189	370,019
Total assets	<u>102,647,370</u>	<u>92,905,526</u>	<u>195,552,896</u>	<u>1,216,036</u>
<b>Deferred Outflows of Resources:</b>				
Contributions to pension plan in current fiscal year	1,653,252	246,031	1,899,283	-
Pension deferrals	112,817	16,607	129,424	-
Deferred charges, net	749,867	-	749,867	-
Total deferred outflows of resources	<u>2,515,936</u>	<u>262,638</u>	<u>2,778,574</u>	<u>-</u>
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities	4,977,530	466,697	5,444,227	86,567
Prepaid fees	3,100	-	3,100	-
Liabilities to be paid from restricted assets:				
Customer deposits	-	146,149	146,149	-
Long-term liabilities:				
Due in less than one year	9,660,180	2,272,093	11,932,273	-
Due in more than one year	106,545,059	27,780,667	134,325,726	-
Total liabilities	<u>121,185,869</u>	<u>30,665,606</u>	<u>151,851,475</u>	<u>86,567</u>
<b>Deferred Inflows of Resources:</b>				
Pension deferrals	5,967,352	891,323	6,858,675	-
Prepaid taxes	177,175	-	177,175	-
Total deferred inflows of resources	<u>6,144,527</u>	<u>891,323</u>	<u>7,035,850</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	52,409,026	56,348,162	108,757,188	678,400
Restricted for Stabilization by State statute	5,708,551	-	5,708,551	-
Restricted for Register of Deeds	40,970	-	40,970	-
Restricted for education	1,032,488	-	1,032,488	-
Restricted for public safety	731,109	-	731,109	-
Restricted for working capital	-	-	-	75,000
Unrestricted	<u>(82,089,234)</u>	<u>5,263,073</u>	<u>(76,826,161)</u>	<u>376,069</u>
Total net position	<u>\$ (22,167,090)</u>	<u>\$ 61,611,235</u>	<u>\$ 39,444,145</u>	<u>\$ 1,129,469</u>

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

**LINCOLN COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Program Revenues</b>			
	<b>Charges for Services Expenses</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 17,453,401	\$ 1,899,052	\$ 726,230	\$ 1,314,334
Public safety	26,537,779	4,644,806	688,347	-
Economic and physical development	2,353,021	-	30,360	-
Human services	17,324,069	2,075,201	11,495,059	-
Cultural and recreational	2,610,692	91,436	132,620	-
Education	21,484,615	-	-	829,500
Debt service:				
Interest and fees	3,189,629	-	-	-
Total governmental activities	<u>90,953,206</u>	<u>8,710,495</u>	<u>13,072,616</u>	<u>2,143,834</u>
<b>Business-Type Activities:</b>				
Solid waste	4,925,026	3,757,118	-	-
Water and sewer	7,987,776	9,343,337	-	-
East Lincoln County Water and Sewer	109,284	-	-	-
Total business-type activities	<u>13,022,086</u>	<u>13,100,455</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 103,975,292</u>	<u>\$ 21,810,950</u>	<u>\$ 13,072,616</u>	<u>\$ 2,143,834</u>
<b>Component Unit:</b>				
Lincoln County ABC Board	\$ 2,443,764	\$ 2,562,685	\$ -	\$ -
Total component unit	<u>\$ 2,443,764</u>	<u>\$ 2,562,685</u>	<u>\$ -</u>	<u>\$ -</u>

*The accompanying notes are an integral part of the financial statements.*

**LINCOLN COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Component Unit</b>	
	<b>Primary Government</b>				
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>		
<b>Functions/Programs:</b>					
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General government	\$ (13,513,785)	\$ -	\$ (13,513,785)		
Public safety	(21,204,626)	-	(21,204,626)		
Economic and physical development	(2,322,661)	-	(2,322,661)		
Human services	(3,753,809)	-	(3,753,809)		
Cultural and recreational	(2,386,636)	-	(2,386,636)		
Education	(20,655,115)	-	(20,655,115)		
Debt service:					
Interest and fees	(3,189,629)	-	(3,189,629)		
Total governmental activities	(67,026,261)	-	(67,026,261)		
<b>Business-Type Activities:</b>					
Solid waste	-	(1,167,908)	(1,167,908)		
Water and sewer	-	1,355,561	1,355,561		
East Lincoln County Water and Sewer	-	(109,284)	(109,284)		
Total business-type activities	-	78,369	78,369		
Total primary government	(67,026,261)	78,369	(66,947,892)		
<b>Component Unit:</b>					
Lincoln County ABC Board			\$ 118,921		
Total component unit			118,921		
<b>General Revenues:</b>					
Ad valorem taxes	57,588,885	912,435	58,501,320	-	
Local option sales tax	14,423,993	-	14,423,993	-	
Utility franchise tax	229,091	-	229,091	-	
Real estate transfer tax	858,192	-	858,192	-	
Other taxes	476,454	-	476,454	-	
Unrestricted intergovernmental	330,007	-	330,007	-	
Investment earnings	90,279	48,656	138,935	293	
Total general revenues	73,996,901	961,091	74,957,992	293	
Change in net position	6,970,640	1,039,460	8,010,100	119,214	
<b>Net Position:</b>					
Beginning of year - July 1	(27,823,148)	58,374,358	30,551,210	1,010,255	
Prior period adjustment	(1,314,582)	2,197,417	882,835	-	
Beginning net position, restated	(29,137,730)	60,571,775	31,434,045	1,010,255	
End of year - June 30	\$ (22,167,090)	\$ 61,611,235	\$ 39,444,145	\$ 1,129,469	

*The accompanying notes are an integral part of the financial statements.*

## LINCOLN COUNTY, NORTH CAROLINA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 23,731,033	\$ -	\$ 1,474,554	\$ 25,205,587
Taxes receivable, net	1,083,753	-	314,245	1,397,998
Accounts receivable, net	2,324,384	176,376	27,673	2,528,433
Due from other governments	2,652,985	122,229	232,825	3,008,039
Due from other funds	302,130	-	-	302,130
Prepaid items	631,607	-	-	631,607
Cash and cash equivalents, restricted			985,405	2,017,893
Total assets	<u>\$ 31,758,380</u>	<u>\$ 298,605</u>	<u>\$ 3,034,702</u>	<u>\$ 35,091,687</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance:</b>				
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities	\$ 3,160,619	\$ 266,664	\$ 23,167	\$ 3,450,450
Prepaid fees	3,100	-	-	3,100
Due to other funds	41,546	3,450	205,415	250,411
Total liabilities	<u>\$ 3,205,265</u>	<u>\$ 270,114</u>	<u>\$ 228,582</u>	<u>\$ 3,703,961</u>
<b>Deferred inflows of resources:</b>				
Unavailable taxes	1,083,753	-	314,245	1,397,998
Prepaid taxes	177,175	-	-	177,175
Unavailable revenue	130,051	176,216	-	306,267
Total deferred inflows of resources	<u>\$ 1,390,979</u>	<u>\$ 176,216</u>	<u>\$ 314,245</u>	<u>\$ 1,881,440</u>
<b>Fund Balances:</b>				
Non-spendable:				
Prepays	631,607	-	-	631,607
Restricted:				
Stabilization for State statute	5,149,448	298,605	260,498	5,708,551
Register of Deeds	40,970	-	-	40,970
Education	1,032,488	-	985,405	2,017,893
Public safety	-	-	731,109	731,109
Committed	-	-	739,863	739,863
Unassigned	20,307,623	(446,330)	(225,000)	19,636,293
Total fund balances	<u>\$ 27,162,136</u>	<u>\$ (147,725)</u>	<u>\$ 2,491,875</u>	<u>\$ 29,506,286</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,758,380</u>	<u>\$ 298,605</u>	<u>\$ 3,034,702</u>	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.				61,060,680
Net pension asset				2,630,685
Contributions to pension plans in the current fiscal year and pension related deferrals are deferred outflows of resources on the Statement of Net Position.				1,766,069
Deferred charges related to advance refunding of long-term debt are not current financial resources and, therefore, are not reported in the funds.				
Deferred cost of refunding			\$ 880,891	
Less accumulated amortization			<u>(131,024)</u>	<u>749,867</u>
Long-term liabilities and related accrued interest, unfunded pension obligations, compensated absences, and other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.				(116,205,239)
Pension related deferrals				(5,967,352)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end.				1,704,265
An Internal Service Fund is used by management to charge insurance costs to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.				<u>2,587,649</u>
Net position of governmental activities, per Exhibit A				<u>\$ (22,167,090)</u>

*The accompanying notes are an integral part of the financial statements.*

## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Ad valorem taxes	\$ 50,857,508	\$ -	\$ 6,683,494	\$ 57,541,002
Local option sales taxes	14,423,993	-	-	14,423,993
Other taxes and licenses	1,233,916	-	329,821	1,563,737
Unrestricted intergovernmental revenues	330,007	-	-	330,007
Restricted intergovernmental revenues	12,359,858	473,123	912,955	13,745,936
Permits and fees	1,934,378	-	-	1,934,378
Sales, service, and rents	6,143,014	-	-	6,143,014
Miscellaneous	624,638	841,211	4,665	1,470,514
Investment earnings	75,793	474	3,697	79,964
Total revenues	<u>87,983,105</u>	<u>1,314,808</u>	<u>7,934,632</u>	<u>97,232,545</u>
<b>Expenditures:</b>				
Current:				
General government	8,562,450	-	-	8,562,450
Public safety	21,053,265	-	6,985,765	28,039,030
Economic and physical development	1,822,269	-	-	1,822,269
Human services	19,223,105	-	-	19,223,105
Cultural and recreational	2,464,064	-	-	2,464,064
Education	18,517,937	-	-	18,517,937
Capital outlay	-	5,511,256	2,966,678	8,477,934
Debt service:				
Principal repayments	9,054,196	-	-	9,054,196
Interest	3,651,770	-	-	3,651,770
Total expenditures	<u>84,349,056</u>	<u>5,511,256</u>	<u>9,952,443</u>	<u>99,812,755</u>
Revenues over (under) expenditures	<u>3,634,049</u>	<u>(4,196,448)</u>	<u>(2,017,811)</u>	<u>(2,580,210)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(1,738,263)	(609,861)	(1,050,000)	(3,398,124)
Transfers in	1,659,861	1,738,263	-	3,398,124
Total other financing sources (uses)	<u>(78,402)</u>	<u>1,128,402</u>	<u>(1,050,000)</u>	<u>-</u>
Net change in fund balances	3,555,647	(3,068,046)	(3,067,811)	(2,580,210)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>23,606,489</u>	<u>2,920,321</u>	<u>5,559,686</u>	<u>32,086,496</u>
End of year - June 30	<u>\$ 27,162,136</u>	<u>\$ (147,725)</u>	<u>\$ 2,491,875</u>	<u>\$ 29,506,286</u>

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

**LINCOLN COUNTY, NORTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit D)	\$ (2,580,210)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	5,953,456
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(3,005,237)
Capital assets disposed of during the year not recognized on the modified accrual basis.	(1,429,364)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	1,653,252
Pension expense	(176,021)
Expenses related to compensated absences, Law Enforcement Officers' Separation Allowance, and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(1,779,505)
Accrued interest and amortization of refunding costs and premiums and amortized expenses that do not require current financial resources are not reported as expenditures in the governmental funds statement.	462,141
Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:	
Property taxes	47,883
Other fees for service	(126,861)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	9,054,196
The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.	<u>(1,103,090)</u>
Change in net position of governmental activities	<u>\$ 6,970,640</u>

*The accompanying notes are an integral part of the financial statements.*

## LINCOLN COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 50,282,619	\$ 50,282,619	\$ 50,857,508	\$ 574,889
Local option sales taxes	12,416,988	12,916,988	14,423,993	1,507,005
Other taxes and licenses	817,500	817,500	1,233,916	416,416
Unrestricted intergovernmental revenues	300,000	300,000	330,007	30,007
Restricted intergovernmental revenues	11,897,369	12,356,179	12,359,858	3,679
Permits and fees	1,548,175	1,570,175	1,934,378	364,203
Sales, service, and rents	7,114,602	6,928,674	6,143,014	(785,660)
Miscellaneous	661,620	673,486	624,638	(48,848)
Investment earnings	60,000	60,000	75,793	15,793
Total revenues	<u>85,098,873</u>	<u>85,905,621</u>	<u>87,983,105</u>	<u>2,077,484</u>
<b>Expenditures:</b>				
Current:				
General government	8,711,945	8,739,014	8,562,450	176,564
Public safety	21,506,139	21,815,788	21,053,265	762,523
Economic and physical development	2,301,350	2,562,254	1,822,269	739,985
Human services	21,420,357	21,968,576	19,223,105	2,745,471
Cultural and recreational	2,605,860	2,696,703	2,464,064	232,639
Education	18,517,937	18,517,937	18,517,937	-
Debt service:				
Principal	9,214,096	9,214,096	9,054,196	159,900
Interest and fees	4,423,900	4,423,900	3,651,770	772,130
Total expenditures	<u>88,701,584</u>	<u>89,938,268</u>	<u>84,349,056</u>	<u>5,589,212</u>
Revenues over (under) expenditures	<u>(3,602,711)</u>	<u>(4,032,647)</u>	<u>3,634,049</u>	<u>7,666,696</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	(1,738,263)	(1,738,263)	-
Transfers in	1,400,000	1,484,501	1,659,861	175,360
Fund balance appropriated	2,202,711	4,286,409	-	(4,286,409)
Total other financing sources (uses)	<u>3,602,711</u>	<u>4,032,647</u>	<u>(78,402)</u>	<u>(4,111,049)</u>
Net change in fund balance	\$ -	\$ -	\$ 3,555,647	\$ 3,555,647
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>23,606,489</u>	
End of year - June 30			<u>\$ 27,162,136</u>	

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

## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Business-Type Activities				Governmental Activities	
	Solid Waste Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Funds	
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 6,380,409	\$ 8,097,855	\$ 79,229	\$ 14,557,493	\$ 4,008,814	
Taxes receivable, net	98,847	-	6,703	105,550	-	
Accounts receivable, net	149,783	1,140,905	21	1,290,709	1,166	
Due from other governments	48,175	90,253	-	138,428	-	
Due from other funds	18,961	22,585	-	41,546	-	
Prepaid items	-	-	-	-	168,078	
Cash and cash equivalents, restricted	-	146,149	-	146,149	-	
Total current assets	<u>6,696,175</u>	<u>9,497,747</u>	<u>85,953</u>	<u>16,279,875</u>	<u>4,178,058</u>	
Non-current assets:						
Net pension asset	<u>168,789</u>	<u>196,920</u>	<u>-</u>	<u>365,709</u>	<u>-</u>	
Capital assets:						
Non-depreciable capital assets	640,648	5,302,784	-	5,943,432	-	
Depreciable capital assets, net	<u>6,144,868</u>	<u>64,201,578</u>	<u>-</u>	<u>70,346,446</u>	<u>-</u>	
Total non-current assets	<u>6,785,516</u>	<u>69,504,362</u>	<u>-</u>	<u>76,289,878</u>	<u>-</u>	
Total assets	<u>13,650,480</u>	<u>79,199,029</u>	<u>85,953</u>	<u>92,935,462</u>	<u>4,178,058</u>	
<b>Deferred Outflows of Resources:</b>						
Contributions to pension plan in current fiscal year	113,553	132,478	-	246,031	-	
Pension deferrals	<u>7,665</u>	<u>8,942</u>	<u>-</u>	<u>16,607</u>	<u>-</u>	
Total deferred outflows of resources	<u>121,218</u>	<u>141,420</u>	<u>-</u>	<u>262,638</u>	<u>-</u>	
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and other accrued liabilities	121,533	340,283	4,881	466,697	1,527,080	
Due to other funds	-	29,936	-	29,936	63,329	
Current portion of compensated absences	25,000	28,200	-	53,200	-	
Current portion of long-term debt	110,321	1,348,572	760,000	2,218,893	-	
Liabilities to be paid from restricted assets:						
Customer deposits	-	146,149	-	146,149	-	
Total current liabilities	<u>256,854</u>	<u>1,893,140</u>	<u>764,881</u>	<u>2,914,875</u>	<u>1,590,409</u>	
Non-current liabilities:						
Accrued landfill closure/post-closure care costs	7,946,449	-	-	7,946,449	-	
Compensated absences	46,481	52,347	-	98,828	-	
Other post-employment benefits	975,570	1,036,997	-	2,012,567	-	
Long-term debt	<u>635,055</u>	<u>16,262,768</u>	<u>825,000</u>	<u>17,722,823</u>	<u>-</u>	
Total non-current liabilities	<u>9,603,555</u>	<u>17,352,112</u>	<u>825,000</u>	<u>27,780,667</u>	<u>-</u>	
Total liabilities	<u>9,860,409</u>	<u>19,245,252</u>	<u>1,589,881</u>	<u>30,695,542</u>	<u>1,590,409</u>	
<b>Deferred Inflows of Resources:</b>						
Pension deferrals	<u>411,380</u>	<u>479,943</u>	<u>-</u>	<u>891,323</u>	<u>-</u>	
<b>Net Position:</b>						
Net investment in capital assets	6,040,140	51,893,022	(1,585,000)	56,348,162	-	
Unrestricted	<u>(2,540,231)</u>	<u>7,722,232</u>	<u>81,072</u>	<u>5,263,073</u>	<u>2,587,649</u>	
Total net position	<u>\$ 3,499,909</u>	<u>\$ 59,615,254</u>	<u>\$ (1,503,928)</u>	<u>\$ 61,611,235</u>	<u>\$ 2,587,649</u>	

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

## LINCOLN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities				Governmental Activities	
	Solid Waste Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Funds	
<b>Operating Revenues:</b>						
Charges for services	\$ 735,073	\$ 9,004,085	\$ -	\$ 9,739,158	\$ -	
Water and sewer taps	-	137,570	-	137,570	-	
Other operating revenues	-	51,033	-	51,033	7,577,369	
Total operating revenues	<u>735,073</u>	<u>9,192,688</u>	<u>-</u>	<u>9,927,761</u>	<u>7,577,369</u>	
<b>Operating Expenses:</b>						
Water treatment and distribution	-	3,757,572	-	3,757,572	-	
Sewage collection	-	1,056,575	-	1,056,575	-	
Pumping station	-	107,014	-	107,014	-	
Landfill operations	3,203,645	-	-	3,203,645	-	
Water and Sewer District	-	-	29,494	29,494	-	
Landfill closure and post-closure costs	720,392	-	-	720,392	-	
Other services	-	-	-	-	8,690,774	
Depreciation	988,283	2,673,997	-	3,662,280	-	
Total operating expenses	<u>4,912,320</u>	<u>7,595,158</u>	<u>29,494</u>	<u>12,536,972</u>	<u>8,690,774</u>	
Operating income (loss)	<u>(4,177,247)</u>	<u>1,597,530</u>	<u>(29,494)</u>	<u>(2,609,211)</u>	<u>(1,113,405)</u>	
<b>Non-Operating Revenues (Expenses):</b>						
Ad valorem taxes	-	-	912,435	912,435	-	
Availability fee	2,808,762	-	-	2,808,762	-	
Investment earnings	15,194	32,474	988	48,656	10,315	
Loss on disposal of capital assets	-	(10,000)	-	(10,000)	-	
Tire disposal tax	115,232	-	-	115,232	-	
Franchise fees	34,482	-	-	34,482	-	
Solid waste disposal tax	54,782	-	-	54,782	-	
NC electronics management fund distribution	6,144	-	-	6,144	-	
Miscellaneous	2,643	150,649	-	153,292	-	
Interest and fees	<u>(12,706)</u>	<u>(382,618)</u>	<u>(79,790)</u>	<u>(475,114)</u>	<u>-</u>	
Total non-operating revenues (expenses)	<u>3,024,533</u>	<u>(209,495)</u>	<u>833,633</u>	<u>3,648,671</u>	<u>10,315</u>	
Change in net position	<u>(1,152,714)</u>	<u>1,388,035</u>	<u>804,139</u>	<u>1,039,460</u>	<u>(1,103,090)</u>	
<b>Net Position:</b>						
Net position - beginning (as previously stated)	2,195,712	58,486,713	(2,308,067)	58,374,358	3,690,739	
Prior period adjustment	<u>2,456,911</u>	<u>(259,494)</u>	<u>-</u>	<u>2,197,417</u>	<u>-</u>	
Beginning of year - July 1	<u>4,652,623</u>	<u>58,227,219</u>	<u>(2,308,067)</u>	<u>60,571,775</u>	<u>3,690,739</u>	
End of year - June 30	<u>\$ 3,499,909</u>	<u>\$ 59,615,254</u>	<u>\$ (1,503,928)</u>	<u>\$ 61,611,235</u>	<u>\$ 2,587,649</u>	

*The accompanying notes are an integral part of the financial statements.*

**LINCOLN COUNTY, NORTH CAROLINA**

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities</b>				<b>Governmental Activities</b>	
	<b>Solid Waste Fund</b>	<b>Water and Sewer Fund</b>	<b>East Lincoln County Water and Sewer District Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>	
<b>Operating Activities:</b>						
Cash received from customers	\$ 731,319	\$ 8,581,159	\$ -	\$ 9,312,478	\$ -	-
Cash received from interfund services	-	-	-	-	-	7,576,388
Cash received from other operating revenues	3,022,045	201,682	912,560	4,136,287	-	-
Cash paid for goods and services	(1,288,748)	(2,983,443)	(33,762)	(4,305,953)	(7,790,408)	-
Cash paid on behalf of employees	(1,898,811)	(2,008,325)	-	(3,907,136)	-	-
Net cash provided (used) by operating activities	<u>565,805</u>	<u>3,791,073</u>	<u>878,798</u>	<u>5,235,676</u>	<u>(214,020)</u>	
<b>Non-Capital Financing Activities:</b>						
Loans (to) from other funds	699	3,231	-	3,930	-	63,329
Net cash provided (used) by non-capital financing activities	<u>699</u>	<u>3,231</u>	<u>-</u>	<u>3,930</u>	<u>-</u>	<u>63,329</u>
<b>Capital and Related Financing Activities:</b>						
Acquisition and construction of capital assets	(727,535)	(859,368)	-	(1,586,903)	-	-
Debt issued	400,000	-	-	400,000	-	-
Debt principal paid	(39,624)	(1,354,724)	(770,000)	(2,164,348)	-	-
Interest and fees paid	(12,706)	(382,618)	(79,790)	(475,114)	-	-
Net cash provided (used) by capital and related financing activities	<u>(379,865)</u>	<u>(2,596,710)</u>	<u>(849,790)</u>	<u>(3,826,365)</u>	<u>-</u>	<u>-</u>
<b>Investing Activities:</b>						
Interest on investments	15,194	32,474	988	48,656	-	10,315
Net cash provided (used) by investing activities	<u>15,194</u>	<u>32,474</u>	<u>988</u>	<u>48,656</u>	<u>-</u>	<u>10,315</u>
Net increase (decrease) in cash and cash equivalents/investments	201,833	1,230,068	29,996	1,461,897	-	(140,376)
<b>Cash and Cash Equivalents/Investments:</b>						
Beginning of year - July 1	6,178,576	7,013,936	49,233	13,241,745	-	4,149,190
End of year - June 30	<u>\$ 6,380,409</u>	<u>\$ 8,244,004</u>	<u>\$ 79,229</u>	<u>\$ 14,703,642</u>	<u>\$ -</u>	<u>\$ 4,008,814</u>

*The accompanying notes are an integral part of the financial statements.*

**LINCOLN COUNTY, NORTH CAROLINA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities</b>				<b>Governmental Activities</b>
	<b>Solid Waste Fund</b>	<b>Water and Sewer Fund</b>	<b>East Lincoln County Water and Sewer District Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ (4,177,247)	\$ 1,597,530	\$ (29,494)	\$ (2,609,211)	\$ (1,113,405)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Depreciation	988,283	2,673,997	-	3,662,280	-
Pension expense	12,503	14,587	-	27,090	-
Non-operating items	3,022,045	150,649	912,435	4,085,129	-
<b>Change in Assets and Liabilities:</b>					
(Increase) decrease in receivables	(20,210)	(560,496)	125	(580,581)	(981)
(Increase) decrease in due from other governments	16,456	624	-	17,080	-
(Increase) decrease in prepaids	2,086	4,533	-	6,619	-
(Increase) decrease in other assets	-	-	-	-	(26,261)
(Increase) decrease in deferred outflows of resources for pensions	(113,553)	(132,478)	-	(246,031)	-
Increase (decrease) in accounts payable	(42,798)	(102,545)	(4,268)	(149,611)	926,627
Increase (decrease) in customer deposits	-	11,971	-	11,971	-
Increase (decrease) in landfill closure/post-closure care cost	720,392	-	-	720,392	-
Increase (decrease) in other post-employment benefits	147,855	140,701	-	288,556	-
Increase (decrease) in compensated absences payable	9,993	(8,000)	-	1,993	-
Total adjustments	<u>4,743,052</u>	<u>2,193,543</u>	<u>908,292</u>	<u>7,844,887</u>	<u>899,385</u>
Net cash provided (used) by operating activities	<u>\$ 565,805</u>	<u>\$ 3,791,073</u>	<u>\$ 878,798</u>	<u>\$ 5,235,676</u>	<u>\$ (214,020)</u>

*The accompanying notes are an integral part of the financial statements.*

**LINCOLN COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2015**

	<b>Agency Funds</b>
<b>Assets:</b>	
Cash and cash equivalents	<u>\$ 326,729</u>
<b>Liabilities:</b>	
Intergovernmental payable	<u>\$ 326,729</u>

*The accompanying notes are an integral part of the financial statements.*

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015**

#### **Note 1. Summary of Significant Accounting Policies**

The accounting policies of Lincoln County and its component units conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant accounting policies:

##### **A. Reporting Entity**

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153 A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The following discretely presented component unit is reported in a separate column in the county's government-wide financial statements in order to emphasize that it is legally separate from the County. The blended component unit, although it is a legally separate entity, is in substance, part of the County's operations.

##### **Component Unit**

##### **Blended Component Unit**

The East Lincoln County Water and Sewer District Fund (the "District") exists to provide and maintain a sewer system for the County residents within each district. Under State law [G.S. 162A-89], the County's Board of Commissioners also serve as the governing board for the District. Therefore, the District is reported as an Enterprise Fund in the County's financial statements. The District does not issue separate financial statements.

##### **Discretely Presented Component Unit**

##### **Lincoln County ABC Board**

The members of the governing body of the Lincoln County ABC Board (the "ABC Board") are appointed by the County. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from Huggins & Co., P.O. Box 680668, Charlotte, North Carolina 28216.

##### **Lincoln County Industrial Facility and Pollution Control Financing Authority**

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

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

#### B. Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided are not eliminated in the process of consolidation. *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.

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

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the County. It is used to account for all financial resources of the general government, except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, Federal and State grants, and user fees. The primary expenditures are for public safety, social services, health services, parks and recreation, libraries, and general governmental services. Debt service payments of general long-term debt are accounted for in the General Fund.

**General Capital Projects Fund.** The General Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The County reports the following nonmajor governmental funds:

**Special Revenue Funds.** Special revenue funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County has the following special revenue funds: the Fire Districts Fund, the Law Enforcement Fund, the Federal Law Enforcement Fund, and the Emergency Telephone Systems Fund.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

**Capital Projects Funds.** Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The County has the following nonmajor capital projects funds: School Capital Projects Fund and the Capital Reserve Fund. The Capital Reserve Fund is a legally adopted Capital Reserve Fund under North Carolina General Statutes. However, for statement presentation, in accordance with GASB Statement No. 54, the Capital Reserve Fund is presented as a Capital Projects Fund. The budgetary comparison for the Capital Reserve Fund has been included in the supplemental information.

The County reports all of its enterprise funds as major:

**Enterprise Funds.** Lincoln County has the following enterprise funds: the Solid Waste Fund, the Water and Sewer Fund, and the East Lincoln County Water and Sewer District Fund. In addition, the Water and Sewer Capital Projects Fund is consolidated with the Water and Sewer Fund for financial reporting purposes. The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The County reports the following fund types:

**Internal Service Funds.** Internal service funds account for operations that provide services to other departments or agencies of the government or to other governments on a cost-reimbursement basis. Lincoln County has two internal service funds: the Health Insurance Fund and the Workers' Compensation Fund.

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains five agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Tax Collector Fund, which accounts for ad valorem property taxes that are billed and collected by the County for a municipality and fire districts within the County; the Register of Deeds SB202 Fund, which accounts for the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage; the Inmate Trust Fund, which accounts for monies held on behalf of inmates in the County jail; and the Miscellaneous Fund, which accounts for monies deposited with various other organizations.

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

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange,

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015**

include property taxes, grants, entitlements, and donations. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants, entitlements, and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customer to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

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

The County generally considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes receivable is not accrued as revenue in the governmental funds statement because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County, are recognized as revenues. Other intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015**

reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

#### **D. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, special revenue funds, and enterprise funds. All unencumbered annual appropriations lapse at fiscal year-end. However, encumbered appropriations are re-appropriated in the ensuing year's budget. Project ordinances are adopted for the capital projects funds. All budgets are prepared using the modified accrual basis of accounting.

The lowest level that the budget is legally adopted is at the department level for the General Fund, special revenue funds, and enterprise funds and at the project level for the capital project funds. Expenditures may not legally exceed appropriations at the departmental level for the General Fund, special revenue funds, and enterprise funds and at the project level for the capital project funds. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The County Manager may transfer up to \$50,000 between departments of the same fund. Such transfers must be reported at the next regular meeting of the Board of County Commissioners.

A budget calendar is included in State law that prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 – Each department head will transmit to the Budget Officer the departmental budget requests and revenue estimates for the current year.

June 1 – The budget and budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1 – The budget ordinance shall be adopted by the governing board.

Also, as required by State law, the County's Health Insurance Fund and Workers' Compensation Insurance Fund, intra-governmental service funds, operate under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved. The financial plan was also entered into the minutes of the governing board. During the year, several changes to the original financial plan were necessary.

#### **E. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity**

*Deposits and Investments.* All deposits of the County with banks and savings associations are made in Board-designated official depositories and are secured as required by North Carolina G.S. 159-31. The County may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

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), a Securities Exchange Commission (SEC) registered mutual fund.

The County's investments with a maturity of more than one year at time of issuance are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

A central cash depository is maintained by the County to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

*Accounts Receivable and Payable.* Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). 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, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

*Ad Valorem Taxes Receivable.* In accordance with North Carolina G.S. 105.347 and G.S. 159-13(a), the County levies ad valorem taxes on all real and personal property sited within the County. Other than taxes on motor vehicles, taxes are levied on July 1 of the fiscal year and are due and payable without penalty until January 6, when property taxes become enforceable as liens. These taxes are based on the assessed values as of January 1, 2014. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

*Restricted Assets.* Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. The sinking fund balance for QZAB debt is restricted for the purpose of future debt retirement. The unexpended bond proceeds are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued.

Fund	Description	Amount
General Fund	QZAB Sinking Fund	\$ 1,032,488
School Capital Projects Fund	Unexpended proceeds	985,405
Water and Sewer Fund	Customer deposits	146,149
Total restricted cash		<u>\$ 2,164,042</u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

*Allowances for Doubtful Accounts.* All receivables are shown net of an allowance for doubtful accounts. Estimation of the amount appropriate to each class of receivable is based on analysis of historical date and current conditions.

*Prepaid Items.* Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*Capital Assets.* Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend the assets' lives, are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Enterprise plant assets of the County are depreciated on a composite straight-line basis for the entire plant, regardless of the year of the acquisition, at a 2% annual rate. In the composite rate, gain or loss on dispositions is not calculated except in extraordinary circumstances. Landfill cells are depreciated based on the percent of capacity used each year.

Other capital assets are depreciated on a straight-line basis over the following estimated useful lives:

<b>Asset</b>	<b>Years</b>
Buildings	25-50 years
Infrastructure	30-50 years
Furniture and office equipment	5-20 years
Equipment	7-15 years
Vehicles	6 years
Computer software	5 years
Water and sewer lines	25-80 years

#### Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has three items that meet this criterion – a charge on refunding, contributions made to the pension plan in the 2015 fiscal year, and pension related deferrals.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

In addition to liabilities, the Statement of Net Position can also 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 a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category – prepaid taxes, property taxes receivable, health department receivables, grant receivables, deferrals of pension expense that result from the implementation of GASB Statement 68, and ambulance receivables.

*Long-Term Obligations.* In the government-wide financial statements and proprietary fund types in the 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 premium and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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.

The County's long-term debt for the water districts and solid waste is carried within the Enterprise Fund. The debt service requirements for the water districts' debt are being met by water revenues, but the taxing power of the County is pledged to make these payments if water revenues should ever be insufficient.

*Compensated Absences.* The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. In the County's governmental proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

*Net Position/Fund Balances.* Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

The governmental fund types classify fund balances as follows:

**Non-Spendable Fund Balance.** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Prepays* – portion of fund balance that is not an available resource because it represents prepaid amounts, which are not spendable resources. Non-spendable fund balance for prepays was \$631,607 at June 30, 2015.

**Restricted Fund Balance.** This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

*Restricted for Stabilization for State Statute* – portion of fund balance that is restricted by State statute [G.S. 159-8(a)].

*Restricted for Register of Deeds* – portion of fund balance restricted by State statute for automation enhancement (software) improvements.

*Restricted for Public Safety* – portion of fund balance restricted by revenue source for public safety activities, such as sheriff, fire, EMS, and E-911.

*Restricted for Education* – portion of fund balance restricted by revenue source to be used to support public education.

Restricted fund balance at June 30, 2015, is as follows:

<b>Purpose</b>	<b>General</b>				<b>Total</b>
	<b>General</b>	<b>Capital</b>	<b>Other</b>	<b>Governmental</b>	
	<b>Fund</b>	<b>Projects</b>	<b>Funds</b>		
Stabilization by State statute	\$ 5,149,448	\$ 298,605	\$ 260,498	\$ 5,708,551	
Register of Deeds	40,970	-	-		40,970
Public safety	-	-	731,109		731,109
Education	1,032,488	-	985,405		2,017,893
<b>Total</b>	<b>\$ 6,222,906</b>	<b>\$ 298,605</b>	<b>\$ 1,977,012</b>		<b>\$ 8,498,523</b>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$985,405 as of June 30, 2015.

**Committed Fund Balance.** This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

*Committed for Future Capital Projects* – portion of fund balance budgeted by the Board to be used for future capital projects.

Committed fund balance at June 30, 2015 is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Future capital projects	\$ 739,863

**Assigned Fund Balance.** Portion of fund balance that the County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The County Manager and Finance Director, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

**Unassigned Fund Balance.** Represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

Lincoln County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following order: debt proceeds, Federal funds, State funds, local non-County funds, and/or County funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

Lincoln County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of expenditures.

In accordance with North Carolina G.S. 159-8(a), appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. Accordingly, fund balance available for appropriation is calculated net of this stabilization by State statute amount.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 27,162,136
<b>Less:</b>	
Prepays	(631,607)
Stabilization by State statute	<u>(5,149,448)</u>
Fund balance available for appropriation	<u>\$ 21,381,081</u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

*Other Resources.* The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as “Transfers–Out” in the General Fund and “Transfers–In” in the receiving fund.

*Comparative Data/Reclassifications.* Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County’s financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the County’s financial position and operations or would cause the statements to be unduly complex or difficult to understand. Also, certain amounts in the prior year’s data have been reclassified to be consistent with the current year’s presentation.

*Use of Estimates.* The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Governmental Employees’ Retirement System (LGERS) and the Register of Deeds’ Supplemental Pension Plan (RODSPF) (collectively, the “state-administered defined benefit pension plans”). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County’s employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

#### Note 2. Stewardship, Compliance, and Accountability

##### A. Deficit Fund Balance or Net Position of Individual Funds

At year-end, the County reported deficit fund balance or net position in the following funds:

East Lincoln County Water and Sewer Fund	\$ <u>81,072</u>
General Capital Projects Fund	\$ <u>(147,725)</u>
Workers' Compensation Fund	\$ <u>(538,394)</u>

**Corrective Action Plan.** The deficit in the East Lincoln County Water and Sewer Fund will be eliminated with future revenues and transfers. The fund is generating revenues which will be used to service debt. Operations were consolidated with the County Water and Sewer Fund effective July 1, 2007.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015**

The deficit in the General Capital Projects Fund and Workers' Compensation Fund will be eliminated with future transfers.

#### **B. Noncompliance with North Carolina General Statutes- Excess of Expenditures Over Appropriations**

Excess of expenditures over appropriations are in violation of State law [G159-28(b)]. Violations as of June 30, 2015, are as follows:

##### **General Fund:**

Governing Body	\$	18,247
Finance		3,003
Safety and Training		2,055
Legal		50,407
Register of Deeds		121,144
Building Maintenance		21,619
Public Buildings		54,332
Emergency Management		9,779
Emergency Management- Beatties Ford		2,205
Fire		13,301
Medical Examiner		13,063
Soil and Water Conservation		11,234
Duke Discretionary		101,460
Day Care Grant		1,856
JCP CIS- After School		1,250

##### **Special Revenue Fund:**

Fire Districts Fund	\$	449,995
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##### **Internal Service Funds:**

Health Insurance Fund	\$	294,545
Workers' Compensation Fund		619,459

Management and the Board will more closely monitor the budget in these funds to ensure compliance in future years.

#### **Note 3. Deposits and Investments**

##### **A. Deposits**

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the deferral depository insurance coverage are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, a collateral

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

pool was created, and all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the carrying amount of the County's deposits with banks was \$21,824,499. Balances with banks equaled \$22,126,892. Of the bank balances, \$503,540 was covered by federal depository insurance and \$21,623,352 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The total amount of cash on hand and petty cash was \$4,928.

#### B. Investments

At June 30, 2015, the County's investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
NC Capital Management Trust -				
Cash Portfolio	\$ 17,804,905	N/A	N/A	N/A
NC Capital Management Trust -				
Term Portfolio	798,923	\$ 798,923	\$ -	\$ -
US Government Agencies	5,829,410	5,829,410	-	-
Total investments	<u>\$ 24,433,238</u>	<u>\$ 6,628,333</u>	<u>\$ -</u>	<u>\$ -</u>

*Interest Rate Risk.* Lincoln County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The County has no policy regarding credit risk. The County's investment in the NC Capital Management Trust Cash Portfolio carried a rating of AAAm by Standard and Poor's as of June 30, 2015. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended. The County's investments in US government agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

#### Note 4. Receivables

##### A. Detail

Receivables at the government-wide level at June 30, 2015, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 3,171,109	\$ 2,217,397	\$ 2,652,985	\$ 8,041,491
Other governmental	<u>205,215</u>	<u>314,912</u>	<u>355,054</u>	<u>875,181</u>
Total receivables	3,376,324	2,532,309	3,008,039	8,916,672
Allowance for doubtful accounts	<u>(846,725)</u>	<u>(1,134,311)</u>	<u>-</u>	<u>(1,981,036)</u>
 Total governmental activities	 <u>\$ 2,529,599</u>	 <u>\$ 1,397,998</u>	 <u>\$ 3,008,039</u>	 <u>\$ 6,935,636</u>
 <b>Business-Type Activities:</b>				
Solid waste	\$ 149,783	\$ 205,493	\$ 48,175	\$ 403,451
East Lincoln County Water and Sewer District Fund	21	25,846	-	25,867
Water and sewer	<u>1,221,926</u>	<u>-</u>	<u>90,253</u>	<u>1,312,179</u>
Total receivables	1,371,730	231,339	138,428	1,741,497
Allowance for doubtful accounts	<u>(81,021)</u>	<u>(125,789)</u>	<u>-</u>	<u>(206,810)</u>
 Total business-type activities	 <u>\$ 1,290,709</u>	 <u>\$ 105,550</u>	 <u>\$ 138,428</u>	 <u>\$ 1,534,687</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 2,638,393
Refundable sales tax	278,492
Other governmental agencies	<u>229,582</u>
Total due from other government agencies	<u>\$ 3,146,467</u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

#### B. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end are comprised of the following:

	<u>Deferred Inflows</u>
Taxes receivable, net	
(General Fund and Special Revenue Fund)	\$ 1,397,998
Prepaid taxes not yet earned	177,175
Ambulance receivables, net (General Fund)	97,703
Grant receivables, net (General Capital Projects Fund)	176,216
Health Department receivables, net (General Fund)	32,348
Pension deferrals	<u>6,858,675</u>
Total	<u>\$ 8,740,115</u>

Deferred outflows of resources at year-end are comprised of the following:

	<u>Deferred Outflows</u>
Deferred charges	\$ 749,867
Contributions to pension plan in current fiscal year	1,899,283
Pension deferrals	<u>129,424</u>
Total	<u>\$ 2,778,574</u>

#### C. Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present-use-value eligibility is lost. The amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,941,827	\$ 461,184	\$ 2,403,011
2013	1,967,785	290,248	2,258,033
2014	2,011,948	115,687	2,127,635
2015	2,064,936	-	2,064,936
Total	<u>\$ 7,986,496</u>	<u>\$ 867,119</u>	<u>\$ 8,853,615</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

### **Note 5. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<b>Restated</b>				
	<b>July 1, 2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>June 30, 2015</b>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 5,645,888	\$ -	\$ -	\$ -	\$ 5,645,888
Construction in progress	<u>5,945,563</u>	<u>5,511,256</u>	<u>(1,429,364)</u>	<u>(2,185,406)</u>	<u>7,842,049</u>
Total non-depreciable assets	<u>11,591,451</u>	<u>5,511,256</u>	<u>(1,429,364)</u>	<u>(2,185,406)</u>	<u>13,487,937</u>
<b>Depreciable Assets:</b>					
Buildings	43,533,917	163,309	-	264,699	43,961,925
Other improvements	10,743,575	-	-	-	10,743,575
Equipment	9,237,245	202,780	-	919,601	10,359,626
Vehicles and other equipment	<u>8,859,306</u>	<u>76,111</u>	<u>-</u>	<u>1,001,106</u>	<u>9,936,523</u>
Total	<u>72,374,043</u>	<u>442,200</u>	<u>-</u>	<u>2,185,406</u>	<u>75,001,649</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	(10,186,032)	(911,114)	-	-	(11,097,146)
Other improvements	(2,417,470)	(392,815)	-	-	(2,810,285)
Equipment	(6,062,746)	(664,601)	-	-	(6,727,347)
Vehicles and other equipment	<u>(5,757,421)</u>	<u>(1,036,707)</u>	<u>-</u>	<u>-</u>	<u>(6,794,128)</u>
Total accumulated depreciation	<u>(24,423,669)</u>	<u>\$ (3,005,237)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,428,906)</u>
Capital assets, net	<u>\$ 59,541,825</u>				<u>\$ 61,060,680</u>
	<b>Restated</b>				
	<b>July 1, 2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>June 30, 2015</b>
<b>Proprietary Capital Assets:</b>					
<b>Solid Waste Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 400,367	\$ 240,281	\$ -	\$ 640,648	
<b>Depreciable Assets:</b>					
Buildings and structures	590,143	-	-	-	590,143
Improvements	12,019,023	-	-	-	12,019,023
Machinery, equipment, and vehicles	<u>7,179,350</u>	<u>487,254</u>	<u>-</u>	<u>-</u>	<u>7,666,604</u>
Total	<u>20,188,883</u>	<u>727,535</u>	<u>-</u>	<u>-</u>	<u>20,916,418</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and structures	(228,903)	(11,803)	-	-	(240,706)
Improvements	(7,541,329)	(569,251)	-	-	(8,110,580)
Machinery, equipment, and vehicles	<u>(5,372,387)</u>	<u>(407,229)</u>	<u>-</u>	<u>-</u>	<u>(5,779,616)</u>
Total accumulated depreciation	<u>(13,142,619)</u>	<u>\$ (988,283)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,130,902)</u>
Capital assets, net	<u>\$ 7,046,264</u>				<u>\$ 6,785,516</u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
<b>Proprietary Capital Assets:</b>					
<b>Water and Sewer Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 773,200	\$ -	\$ -	\$ 45,227	\$ 818,427
Construction in progress	<u>4,309,725</u>	<u>859,368</u>	<u>-</u>	<u>(684,736)</u>	<u>4,484,357</u>
Total non-depreciable assets	<u><u>5,082,925</u></u>	<u><u>859,368</u></u>	<u><u>-</u></u>	<u><u>(639,509)</u></u>	<u><u>5,302,784</u></u>
<b>Depreciable Assets:</b>					
Buildings and structures	34,610,700	-	-	-	34,610,700
Improvements	786,448	-	-	-	786,448
Water lines	38,091,684	-	-	308,283	38,399,967
Sewer lines	15,914,008	-	(10,000)	(45,227)	15,858,781
Machinery, equipment, and vehicles	<u>3,685,121</u>	<u>-</u>	<u>-</u>	<u>376,453</u>	<u>4,061,574</u>
Total	<u><u>93,087,961</u></u>	<u><u>-</u></u>	<u><u>(10,000)</u></u>	<u><u>639,509</u></u>	<u><u>93,717,470</u></u>
<b>Less Accumulated Depreciation:</b>					
Buildings and structures	(5,906,757)	(1,000,776)	-	-	(6,907,533)
Improvements	(219,486)	(39,838)	-	-	(259,324)
Water lines	(13,682,671)	(897,155)	-	-	(14,579,826)
Sewer lines	(4,052,791)	(414,816)	-	-	(4,467,607)
Machinery, equipment, and vehicles	<u>(2,980,190)</u>	<u>(321,412)</u>	<u>-</u>	<u>-</u>	<u>(3,301,602)</u>
Total accumulated depreciation	<u><u>(26,841,895)</u></u>	<u><u>\$ (2,673,997)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>(29,515,892)</u></u>
Capital assets, net	<u><u>\$ 71,328,991</u></u>				<u><u>\$ 69,504,362</u></u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 901,105
Public safety	1,354,464
Economic and physical development	44,248
Transportation	148,928
Human services	215,148
Cultural and recreational	341,344
Total	<u><u>\$ 3,005,237</u></u>

#### **Business-Type Activities:**

Solid waste	\$ 988,283
Water and sewer	<u>2,673,997</u>
Total	<u><u>\$ 3,662,280</u></u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

Effective July 1, 2007, all assets of the East Lincoln County Water and Sewer District Fund were transferred to the County's Water and Sewer Fund. The County will be responsible for all operations of what was formerly the East Lincoln County Water and Sewer District Fund. The East Lincoln County Water and Sewer District Fund will continue to exist for the purpose of levying taxes to service debt acquired prior to July 1, 2007.

#### **Net Investment in Capital Assets**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets, net	<u>\$ 61,060,680</u>	<u>\$ 76,289,878</u>
Long-term debt, gross	99,879,221	19,941,716
Debt for assets not owned by County (school debt)	<u>(91,227,567)</u>	-
Capital debt, net	<u>8,651,654</u>	<u>19,941,716</u>
Net investment in capital assets	<u><u>\$ 52,409,026</u></u>	<u><u>\$ 56,348,162</u></u>

#### **Note 6. Liabilities**

##### **A. Payables**

Payables at the government-wide level at June 30, 2015, were as follows:

	<b>Vendors</b>	<b>Salaries and Benefits</b>	<b>Incurred, but Not Reported</b>	<b>Insurance Claims</b>	
				<b>Total</b>	
<b>Governmental Activities:</b>					
General	\$ 1,180,992	\$ 1,979,627	\$ -	\$ 3,160,619	
Other governmental	289,831	-	-	289,831	
Internal Service Fund	200,264	-	1,326,816	1,527,080	
Total governmental activities	<u>\$ 1,671,087</u>	<u>\$ 1,979,627</u>	<u>\$ 1,326,816</u>	<u>\$ 4,977,530</u>	
<b>Business-Type Activities:</b>					
Solid waste	\$ 54,563	\$ 66,970	\$ -	\$ 121,533	
Water and sewer	272,587	67,696	-	340,283	
East Lincoln water and sewer	4,881	-	-	4,881	
Total business-type activities	<u>\$ 332,031</u>	<u>\$ 134,666</u>	<u>\$ -</u>	<u>\$ 466,697</u>	

## LINCOLN COUNTY, NORTH CAROLINA

## **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015**

## Construction Commitments

The government has active construction projects as of June 30, 2015. At June 30, 2015, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Replacement of tile floors	\$ -	\$ 150,728
Rescue Squad Park Construction	269,981	555,273
Solid Waste Landfill Cell Design	298,434	72,566
<b>Total</b>	<b>\$ 568,415</b>	<b>\$ 778,567</b>

## B. Long-Term Debt

**General Obligation Indebtedness.** All general obligation bonds serviced by the County's General Fund and the Water and Sewer Fund are collateralized by the full-faith credit and taxing power of the County. East Lincoln County Water and Sewer District Fund issued general obligation bonds to finance the acquisition and construction of a major sewer system. These bonds, which are recorded in the East Lincoln County Water and Sewer District Fund, are collateralized by the full-faith credit and taxing power of the District. Principal and interest requirements are appropriated when due.

The County's general obligation bonds at June 30, 2015, are comprised of the following individual issues:

## **Governmental Activities:**

## Governmental Funds:

\$12,360,000 2012A Advance Refunding School serial bonds, due in annual installments ranging from \$105,000 to \$1,200,000 through June 1, 2023; interest rates from 2.00% to 3.00%; interest payments due June 1 and December 1 \$ 10,080,000

\$17,895,000 2012B Advance Refunding School serial bonds, due in annual installments ranging from \$100,000 to \$3,195,000 through June 1, 2024; interest rates from 2.00% to 4.00% due June 1 and December 1 17,385,000

\$9,795,000 2005 School Refunding bonds, due in annual installments of \$205,000 to \$1,395,000 through June 1, 2018; interest rates from 4.00% to 5.00%; interest payments due June 1 and December 1 2,240,000

\$15,000,000 2008 Schools Building bonds, due in annual installments of \$600,000 to \$1,650,000 through June 1, 2027; interest rates from 4.25% to 6.25%; interest payments due June 1 and December 1 (partially refunded in 2009-2010) 1,800,000

**LINCOLN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2015**

**General Obligation Indebtedness (continued)**

\$4,200,000 2008 Public Improvement bonds, due in annual installments of \$200,000 to \$350,000 through June 1, 2027; interest rates from 4.0% to 6.0%; interest payments due June 1 and December 1 (partially refunded in 2009-2010)	600,000
\$18,140,000 2010A School & Public Facility Refunding bonds, due in annual installments of \$130,000 to \$2,085,000 through June 1, 2027; interest rates from 2.00% to 3.85%; interest payments due June 1 and December 1	13,575,000
\$8,500,000 2010B School bonds, due in annual installments of \$300,000 to \$1,200,000 through June 1, 2029; interest rates from 2.00% to 4.00%; interest payments due June 1 and December 1	7,000,000
\$17,405,000 2011A School Refunding bonds, due in annual installments of \$55,000 to \$3,240,000 through June 1, 2021; interest rates from 2.00% to 5.00%; interest payments due June 1 and December 1	14,105,000
\$9,600,000 2011B School bonds, due in annual installments of \$325,000 to \$900,000 through June 1, 2029; interest rates from 3.00% to 4.75%; interest payments due June 1 and December 1	<u>8,300,000</u>
Total serviced by governmental activities	<u>75,085,000</u>

**Business-Type Activities:**

**Proprietary Funds:**

**East Lincoln County Water and Sewer District:**

\$1,600,000 1998 Sanitary Sewer bonds, due in annual installments of \$25,000 to \$150,000 through June 1, 2019; interest rates from 4.60% to 4.75%; interest payments due June 1 and December 1	\$ 400,000
\$5,520,000 Sanitary Sewer Refunding bonds, due in annual installments of \$75,000 to \$540,000 through June 1, 2017; interest rates from 2.00% to 3.40%; interest payments due June 1 and December 1	<u>685,000</u>
Total serviced by business-type activities	<u>1,085,000</u>
Total general obligation bonds	<u>\$ 76,170,000</u>

## LINCOLN COUNTY, NORTH CAROLINA

## **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015**

## Installment Purchase Agreements

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property and equipment acquisitions by installment purchases. Installment purchase contracts at June 30, 2015, are comprised of the following individual agreements:

## Governmental Activities:

### **General Fund:**

\$2,000,000 2005 Qualified Zone Academy installment purchase contract for school building improvements due September 15, 2021. The contract requires 15 annual sinking fund installments of \$104,315 to be invested. If investment earnings do not result as projected, the County will pay the amount required for the total funds to equal \$2,000,000 on September 15, 2021

\$ 2,000,000

\$19,645,000 2006 Certificates of Participation (COPS) issued to construct a new middle school; due in annual installments from \$980,000 to \$985,000 through June 1, 2020; interest rates from 4.00% to 5.00%; interest payments due December 1 and June 1; \$6,860,000 partially refunded in 2014

4,905,000

\$7,845,000 2013 School Refunding installment contract issued to partially refund the 2006 COPS; due in annual installments from \$93,000 to \$1,078,000 through June 1, 2027; interest from 1.776% to 2.520%; interest payments due June 1 and December 1

7,575,000

\$1,650,000 2008 State Revolving Loan issued for water source protection and passive park; due in annual installments of \$82,500 through May 1, 2028; interest at 1.00%; interest payments due November 1 and May 1

1,072,500

\$1,100,000 installment purchase contract for Arlie Business Park and water projects; due in semi-annual installments of \$217,880; interest at 2.65%

799,833

\$1,480,691 2013 Refunding installment contract issued to refund the 2003 COPS for jail, social services, library buildings, and school construction; due in annual installments from \$158,613 to \$426,329 through June 2018; interest at 1.64%; interest payments due June 1 and December 1

605,112

\$6,115,000 installment financing contract, issued to fund various capital projects; due in semi-annual installments of \$216,667, plus interest at 3.02%; through June 26, 2029

5,707,334

### Total governmental activities

22,664,779

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

#### **Business-Type Activities:**

##### **Water and Sewer Fund:**

\$134,309 2013 Refunding installment contract issued to refund the 2003 COPS for water plant sludge de-watering project; due in annual installments from \$14,387 to \$38,671 through June 2018; interest at 1.64%; interest payments due June 1 and December 1	54,888
\$387,438 Federal Revolving Loan issued for water system improvements; due in annual installments of \$22,790 through May 1, 2022; interest at 2.66%; interest payments due November 1 and May 1	159,534
\$520,430 Federal Revolving Loan issued for water system improvements; due in annual installments of \$30,614 through May 1, 2022; interest at 2.66%; interest payments due November 1 and May 1	214,294
\$2,295,067 Federal Revolving Loan issued for water system improvements; due in annual installments of \$135,004 through May 1, 2024; interest at 2.66%; interest payments due November 1 and May 1	1,215,036
\$17,500,000 Federal Revolving Loan issued for sewer system improvements; due in annual installments of \$850,175 through May 1, 2030; interest at 2.48%; interest payments due November 1 and May 1	14,000,000
\$2,706,000 installment purchase contract for water projects, due in semi-annual installment of \$217,880 through January 17, 2022; interest at 2.65%	1,967,588
<b>Solid Waste Fund:</b>	
\$400,000 contract for equipment, due in monthly installments of \$7,593; interest at 1.86%; through November 23, 2019	386,044
\$385,000 contract for land and vehicles, due in semi-annual installments of \$216,667; interest at 3.02%; through June 26, 2029	<u>359,332</u>
Total business-type activities	<u>18,356,716</u>
Total installment purchase contracts	<u>\$ 41,021,495</u>

#### **Note Payable**

**\$5,000,000 State Clean Water Loan.** In August 1995, the East Lincoln County Water and Sewer District entered into a loan agreement with the State of North Carolina Department of Environment, Health, and Natural Resources. The District was approved for a loan of \$5,000,000 from the Clean Water Direct Bond Loan Program which financed the cost of construction of wastewater sewers, pump stations,

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

force mains, and a wastewater treatment facility. The loan calls for 20 annual installments of \$250,000 due on May 1 with interest payments due May 1 and November 1. The loan is being carried in the East Lincoln County Water and Sewer District Fund. The balance of the loan at June 30, 2015, is \$500,000.

**Changes in Long-Term Debt.** The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 82,050,000	\$ -	\$ 6,965,000	\$ 75,085,000	\$ 6,925,000
Premium on long-term debt	2,375,797	-	246,355	2,129,442	246,355
Installment purchases	24,753,975	-	2,089,196	22,664,779	1,951,825
Net pension liability (LGERS)	4,832,336	-	4,832,336	-	-
Unfunded pension obligation	740,509	175,256	83,918	831,847	-
Other post-employment benefits	12,229,772	2,450,217	718,889	13,961,100	-
Compensated absences	1,576,232	976,779	1,019,940	1,533,071	537,000
<b>Total</b>	<b>\$ 128,558,621</b>	<b>\$ 3,602,252</b>	<b>\$ 15,955,634</b>	<b>\$ 116,205,239</b>	<b>\$ 9,660,180</b>
<b>Business-Type Activities:</b>					
<b>Solid Waste Fund:</b>					
Installment purchases	\$ 385,000	\$ 400,000	\$ 39,624	\$ 745,376	\$ 110,321
Net pension liability (LGERS)	333,264	-	333,264	-	-
Compensated absences	61,488	36,628	26,635	71,481	25,000
Other post-employment benefits	827,715	209,248	61,393	975,570	-
Accrued landfill closure/ post-closure care costs	7,226,057	720,392	-	7,946,449	-
<b>Total</b>	<b>8,833,524</b>	<b>1,366,268</b>	<b>460,916</b>	<b>9,738,876</b>	<b>135,321</b>
<b>Water and Sewer Fund:</b>					
Installment purchases	18,966,064	-	1,354,724	17,611,340	1,348,572
Net pension liability (LGERS)	388,809	-	388,809	-	-
Compensated absences	88,547	52,230	60,230	80,547	28,200
Other post-employment benefits	896,296	199,123	58,422	1,036,997	-
<b>Total</b>	<b>20,339,716</b>	<b>251,353</b>	<b>1,862,185</b>	<b>18,728,884</b>	<b>1,376,772</b>
<b>East Lincoln Water and Sewer District Fund:</b>					
General obligation bonds	1,605,000	-	520,000	1,085,000	510,000
State Bond loan	750,000	-	250,000	500,000	250,000
<b>Total</b>	<b>2,355,000</b>	<b>-</b>	<b>770,000</b>	<b>1,585,000</b>	<b>760,000</b>
<b>Total business-type activities</b>	<b>\$ 31,528,240</b>	<b>\$ 1,617,621</b>	<b>\$ 3,093,101</b>	<b>\$ 30,052,760</b>	<b>\$ 2,272,093</b>

Compensated absences, net pension obligation, and OPEB liabilities typically have been liquidated in the General Fund for governmental activities. Compensated absences are accounted for on a FIFO basis, assuming that employees are taking leave time as it is earned.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

The LGERS plan had a net pension asset as of June 30, 2015; however the plan had a net pension liability at the beginning of the fiscal year.

At June 30, 2015, Lincoln County had a legal debt margin of approximately \$588,000,000.

**Future Maturities for Long-Term Indebtedness.** The following table summarizes the annual requirements to amortize all long-term debt outstanding (excluding compensated absences, law enforcement officers' unfunded retirement contribution, other post-employment benefits, and accrued landfill closure/post-closure care costs):

	General				Installment				Total	
	Obligation Bonds		Notes Payable		Purchase Agreements					
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
<b>Governmental</b>										
<b>Activities:</b>										
2016	\$ 6,925,000	\$ 2,678,917	\$ -	\$ -	\$ 1,951,825	\$ 646,574	\$ 8,876,825	\$ 3,325,491		
2017	6,925,000	2,456,167	-	-	1,829,699	574,522	8,754,699	3,030,689		
2018	6,835,000	2,239,317	-	-	1,830,920	504,592	8,665,920	2,743,909		
2019	6,845,000	1,950,167	-	-	1,677,271	434,597	8,522,271	2,384,764		
2020	6,790,000	1,703,317	-	-	1,683,316	367,072	8,473,316	2,070,389		
2021-2025	30,285,000	5,102,104	-	-	9,875,579	1,079,187	40,160,579	6,181,291		
2026-2029	10,480,000	895,973	-	-	3,816,169	188,758	14,296,169	1,084,731		
Total	<u>\$ 75,085,000</u>	<u>\$ 17,025,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,664,779</u>	<u>\$ 3,795,302</u>	<u>\$ 97,749,779</u>	<u>\$ 20,821,264</u>		
<b>Business-Type</b>										
<b>Activities:</b>										
2016	\$ 510,000	\$ 41,420	\$ 250,000	\$ 17,150	\$ 1,458,893	\$ 447,255	\$ 2,218,893	\$ 505,825		
2017	400,000	23,938	250,000	8,575	1,456,248	411,614	2,106,248	444,127		
2018	150,000	8,313	-	-	1,464,726	375,941	1,614,726	384,254		
2019	25,000	1,188	-	-	1,459,279	340,053	1,484,279	341,241		
2020					1,415,139	311,981	1,415,139	311,981		
2021-2025	-	-	-	-	5,749,767	1,062,857	5,749,767	1,062,857		
2026-2030	-	-	-	-	4,477,664	440,976	4,477,664	440,976		
2031	-	-	-	-	875,000	21,700	875,000	21,700		
Total	<u>\$ 1,085,000</u>	<u>\$ 74,859</u>	<u>\$ 500,000</u>	<u>\$ 25,725</u>	<u>\$ 18,356,716</u>	<u>\$ 3,412,377</u>	<u>\$ 19,941,716</u>	<u>\$ 3,512,961</u>		

#### Debt Related to Capital Activities

Of the total governmental activities debt listed, only \$8,651,654 relates to assets to which the County holds title, while the remaining \$91,227,567 is related to assets owned and utilized by the school system. Unspent restricted cash related to the school debt amounts to \$985,405.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

#### Note 7. Pension Plan Obligations

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

**Plan Description.** The County and the ABC Board are participating employers in the State-wide 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 LGERS 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, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Lincoln County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Lincoln County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% 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 Lincoln County were \$1,892,547 for the year ended June 30, 2015.

**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, 2015, the County reported an asset of \$2,813,149 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing updated procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset 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, 2014, the County's proportion was 0.47701%, which was an increase of 0.01621% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$208,385. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 307,385
Net difference between projected and actual earnings on pension plan investments	- 6,548,947	
Changes in proportion and differences between employer contributions and proportionate share of contributions	127,742 1,892,547	- -
County contributions subsequent to the measurement date		
Total	<u>\$ 2,020,289</u>	<u>\$ 6,856,332</u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

\$1,892,547 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. 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	Amount
2016	\$ (1,682,260)
2017	(1,682,260)
2018	(1,682,260)
2019	<u>(1,681,810)</u>
Total	<u><u>\$ (6,728,590)</u></u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

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, 2014 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	36.0%	2.5%
Global equity	40.5%	6.1%
Real estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation protection	<u>4.5%</u>	3.7%
Total	<u><u>100%</u></u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.25%. 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.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

*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 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	Current		
	1% Decrease <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ <u>9,549,043</u>	\$ <u>(2,813,149)</u>	\$ <u>(13,221,714)</u>

**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

**Description.** Lincoln 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 equal to 0.85% of the annual base rate of compensation multiplied by total creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. North Carolina G.S. 143-12D assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Separation Allowance covers all full-time law enforcement officers of the County. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>111</u>
Total	<u><u>119</u></u>

A separate report was not issued for the plan.

**Summary of Significant Accounting Policies.** 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. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

**Contribution Requirements and Contributions Made.** The County is required by North Carolina G.S. 143-12D to provide these retirement benefits and has chosen to fund benefit payments on a pay-as-you-go basis through appropriations in the General Fund operating budget. The County's obligation to contribute to this plan is established by statute and may be amended by the North Carolina General Assembly. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. There were no contributions made by employees. The current year obligations of \$83,918 were paid by the General Fund for the Separation Allowance.

The annual required contribution for the fiscal year ended June 30, 2015, was determined as part of the December 31, 2013, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25 percent to 7.85% per year. The inflation component was 3.00%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. The remaining amortization period at December 31, 2013, was 17 years.

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$ 200,786
Interest on net pension obligation	37,025
Adjustment to annual required contribution	<u>(62,555)</u>
Annual pension cost	175,256
Employer contributions	<u>83,918</u>
Increase (decrease) in net pension obligation	91,338
Net pension obligation:	
Beginning of year - July 1	<u>740,509</u>
End of year - June 30	<u>\$ 831,847</u>

**Trend Information.** Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for years ended June 30, 2013, 2014, and 2015 is as follows:

Three-Year Trend Information				
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
6/30/2013	\$ 150,371	48.77%	\$ 675,871	
6/30/2014	145,409	55.55%	740,509	
6/30/2015	175,256	47.88%	831,847	

Historical trend information is being developed in the required supplemental financial data subsection, following the notes to the financial statements.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

**Funded Status and Funding Progress.** As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$1,391,513. The covered payroll (annual payroll of active employees covered by the plan) was \$4,383,881, and the ratio of the UAAL to the covered payroll was 31.74%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing, over time, related to the actuarial accrued liability for benefits.

#### C. Supplemental Retirement Income Plan for Law Enforcement Officers

The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. North Carolina G.S. 135-5 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.

North Carolina G.S. 143-12E requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. In addition, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015, were \$256,889, which consisted of \$212,162 from the County and \$44,727 from the law enforcement officers.

#### D. Registers of Deeds' Supplemental Pension Fund

**Plan Description.** The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the 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](http://www.osc.nc.gov).

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

**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 \$6,736 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$183,245 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 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, 2014, the County's proportion was 0.808%, which was an increase of 0.009% from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the County recognized pension expense of \$(5,274). At June 30, 2015, 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>
Differences between expected and actual experience	\$ 1,682	\$ -
Net difference between projected and actual earnings on pension plan investments	-	986
Changes in proportion and differences between County contributions and proportionate share of contributions	-	1,357
County contributions subsequent to the measurement date	<u>6,736</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 8,418</u></b>	<b><u>\$ 2,343</u></b>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

\$6,736 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2016	\$ (99)
2017	(99)
2018	(217)
2019	<u>(246)</u>
Total	<u><u>\$ (661)</u></u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2014 is 2.5%.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 5.75%. 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.

*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 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage point higher (6.75 percent) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	(4.75%)	(5.75%)	(6.75%)
County's proportionate share of the net pension liability (asset)	\$ (164,542)	\$ (183,245)	\$ (199,313)

**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.

#### Note 8. Death Benefit Plan

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

For the fiscal year ended June 30, 2015, the County made no contributions to the State for death benefits. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively. Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010, was established. The County will have a three-year reprieve; contributions will resume in the fiscal year beginning July 1, 2015.

#### Note 9. Other Post-Employment Benefits (OPEB)

**Description.** The County administers a single-employer defined benefit healthcare plan (the "HCB Plan"), which provides post-retirement healthcare, prescription drug, and dental benefits to retirees of the County, provided that they meet any of the retirement options available through the North Carolina Local Governmental Employees' Retirement System (LGERS), have at least 15 years of creditable service with the County, and were hired before July 1, 2013. The County pays the same cost of coverage for these benefits as current full-time employees pay. Also, retirees can purchase coverage for their dependents at the County's group rates.

<u>Commencement of Service</u>	<u>Years of Creditable Service</u>	<u>County Contribution</u>
Prior to September 1, 2005	20	County pays cost of coverage until sooner of 65th birthday or Medicare eligibility, then Medicare supplement until death
Prior to July 1, 2013	25	County pays cost of coverage until sooner of 65th birthday or Medicare eligibility, then Medicare supplement until death
Prior to July 1, 2013	15	Retiree may participate by paying full cost of coverage until the sooner of birthday or Medicare eligibility
On or after July 1, 2013	Not eligible	Not eligible

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

Currently, 119 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2015, the County made payments for post-retirement health benefit premiums of \$838,704. The County self-funds health and dental coverage for retirees, which is administered by a third-party administrator, along with coverage for employees. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	<b>Law</b>	
	<b>General Employees</b>	<b>Enforcement Officers</b>
Retirees and dependents receiving benefits	98	21
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	464	85
<b>Total</b>	<b>562</b>	<b>106</b>

**Funding Policy.** The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board of Commissioners. In addition, the budget for these expenditures is approved, along with other healthcare expenditures as part of the annual budget process. In addition to coverage for employees, the County's members can elect to pay for spouse, dependent or family coverage. For fiscal year 2015, the County chose to fund the plan benefits on a pay-as-you-go basis.

The current annual required contribution (ARC) rate is 14.49% of annual covered payroll. For the current year, the County contributed \$838,704, or 3.9%, of annual covered payroll. There were no contributions by retirees. The County self-funds health and dental coverage for all retirees and employees. The County's obligation to contribute to the HCB Plan is established and may be amended by the County Commissioners.

**Summary of Significant Accounting Policies.** Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting throughout the year and adjusted to full accrual where required for reporting purposes. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

**Annual OPEB Cost and Net OPEB Obligation.** The County's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Annual required contribution	\$ 2,648,941	\$ 441,490	\$ 3,090,431
Interest on net OPEB obligation	478,416	79,737	558,153
Adjustments to annual required contribution	<u>(677,141)</u>	<u>(112,855)</u>	<u>(789,996)</u>
Annual OPEB cost (expense)	2,450,216	408,372	2,858,588
Contributions made	<u>(718,888)</u>	<u>(119,816)</u>	<u>(838,704)</u>
Increase (decrease) in net OPEB obligation	1,731,328	288,556	2,019,884
Net OPEB obligation:			
Beginning of year - July 1	<u>12,229,772</u>	<u>1,724,011</u>	<u>13,953,783</u>
End of year - June 30	<u><u>\$ 13,961,100</u></u>	<u><u>\$ 2,012,567</u></u>	<u><u>\$ 15,973,667</u></u>

The County's annual OPEB cost, the percentage of OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2014 were as follows:

<b>Year Ended June 30</b>	<b>Annual</b>		
	<b>OPEB Cost</b>	<b>OPEB Cost Contributed</b>	<b>OPEB Obligation</b>
2013	\$ 3,015,206	25.0%	\$ 11,681,960
2014	3,004,662	24.4%	13,953,783
2015	2,858,588	29.3%	15,973,667

**Funding Status and Funding Progress.** As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$34,908,297. The covered payroll (annual payroll of active employees covered by the plan) was \$21,324,933, and the ratio of the UAAL to the covered payroll was 163.7%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual pre-Medicare medical trend increase of 7.50% to 5.00%, and an annual post-Medicare medical trend increase of 5.50% to 5.00%. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level dollar amount of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

#### **Note 10. Closure and Post-Closure Care Costs – Landfill Facility**

The County's new landfill consists of Phases I through VIII and an area used for construction and debris (C&D) materials. Cells have been constructed in Phase I, II, and III, accordingly, along with the C&D area. Federal and State laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7,946,449 reported as landfill closure and post-closure care liability at June 30, 2015, represents a cumulative amount reported to date based on the use of landfill capacity in the County's sanitary and C&D landfill sections. The sanitary landfill reported a cumulative amount of \$6,687,712 to date based on the use of 89% of Phase I through III's estimated capacity. The C&D portion reported a cumulative amount of \$1,258,737 to date based on the use of 77% of estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$1,164,139 as the remaining estimated capacity is filled. Of this amount, \$795,288 is related to the remaining capacity in the sanitary landfill, and \$368,851 is related to the C&D portion. The amounts are based on what it would cost to perform all closure and post-closure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects to close Phases I through III in the year 2020 for the sanitary portion and that same year for the C&D portion.

The County has met the requirements of a local government financial test, which is one option under Federal and State laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015**

#### **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 two self-funded risk financing pools administered by the North Carolina Association of County Commissioners.

Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and 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 \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation.

Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Director and Tax Collector are each individually bonded for \$50,000 each. The Register of Deeds and the Sheriff are each individually bonded for \$25,000 each. The remaining employees who have access to funds are bonded under a blanket bond for \$250,000.

The County carries flood insurance through the NCACC. This coverage provides flood insurance with a \$25,000 deductible per occurrence.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Liabilities of the Health Benefits Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The County's claims that are incurred but not reported are considered a current liability and are included in accounts payable of the Health Benefits Fund and the Workers' Compensation Fund (the Internal Service Funds). The County has recognized provisions of \$904,699 for claims incurred but not reported in the Health Benefits Fund and \$422,117 for claims incurred, but not reported in the Workers' Compensation Fund. These provisions are estimated based upon analysis of historical claims experience reviewed by the County's third-party administrator.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning	\$ 473,134	\$ 639,568
Incurred claims	1,874,343	5,100,122
Claim payments	<u>(1,020,661)</u>	<u>(5,266,556)</u>
Unpaid claims, ending	<u><u>\$ 1,326,816</u></u>	<u><u>\$ 473,134</u></u>

#### **Note 12. Interfund Activity**

The transfers to/from other funds at June 30, 2015, were for the purpose of funding capital projects and consist of the following:

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Capital Reserve Fund	General Fund	Transfer for school monies from the lottery	\$ 1,050,000
General Capital Projects Fund	General Fund	Transfers back from General Capital Projects Fund for completed projects	609,861
Water & Sewer Fund	Water & Sewer Capital Fund	Annual transfer to project fund	1,741,000
General Fund	General Capital Projects Fund	Annual transfer from General Fund to cover projects	<u>1,738,263</u>
Total			<u><u>\$ 5,139,124</u></u>

The due to/from other funds at June 30, 2015, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 29,936
General Fund	General Capital Projects Fund	3,450
General Fund	Fire Districts Fund	205,415
Water and Sewer Fund	General Fund	22,585
Solid Waste Fund	General Fund	18,961
General Fund	Workers' Compensation Fund	<u>63,329</u>
Total		<u><u>\$ 343,676</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the General Fund expects to collect in the subsequent year.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015**

#### **Note 13. Claims and Judgments**

At June 30, 2015, the County was involved in several lawsuits involving damages and potential claims. The exact amount of any claim cannot be determined at this time. It is the opinion of the County Attorney and County management that none of these lawsuits would have any adverse financial impact upon the County or its financial position.

#### **Note 14. Summary Disclosure of Significant Contingencies**

The County has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

#### **Note 15. Related Organization**

*Carolinas Medical Center* – Lincoln is a 101-bed general and acute care hospital that is owned and operated by the Charlotte-Mecklenburg Hospital Authority (“CMHA”). The Hospital’s new facility opened on July 10, 2010, at 433 McAlister Road in Lincolnton. All financial reporting and major decisions other than day-to-day operations are made by CMHA. Lincoln County’s government is not financially responsible for the Hospital and does not participate in its operation.

A 17-member Advisory Board serves as the Hospital’s liaison with the community and acts as ambassadors for the Hospital within the community. Advisory Board members are nominated by the Board’s Governance and Nominating Committee and are approved by the full Advisory Board.

The former Hospital facility reverted to Lincoln County on September 1, 2010, as per our agreement. All debt that was associated with this former facility has been retired. The County is looking at using this property for possible County space needs.

#### **Note 16. Joint Ventures**

The County, in conjunction with Gaston, Cleveland, Catawba, Burke, Surry, Yadkin, and Iredell Counties, participates in Partners Behavioral Health Management. Partners manages a comprehensive array of services to children, adolescents, and adults with mental health, substance abuse, and developmental disabilities needs. Service delivered is offered by numerous providers throughout the multi-County area. Partners receives the majority of its financial support through Federal and State sources, as well as direct payments by clients and insurers for services rendered.

The County has an ongoing financial responsibility to supplement these funds, and for the year ended June 30, 2015, provided \$383,589 in support of Partners’ services. Additionally, the County remitted \$11,255 to Pathways from the alcohol rehabilitation tax. The County does not have an equity interest in Partners; therefore, no equity interest has been reflected in the financial statements at June 30, 2015. Complete financial statements for Partners may be obtained from Partners’ administrative offices at 901 South New Hope Road, Gastonia, North Carolina 28054.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015**

The County, in conjunction with the City of Lincolnton, participates in a general aviation airport. Each participating government appoints three members to the six-member Board. The Airport is a joint venture established to facilitate economic expansion within the County and to improve the quality of life for its citizens. The Airport has been in existence since 1986, but it is not yet self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the City are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$57,184 to the Airport during the fiscal year ended June 30, 2015. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2015. Complete financial statements for the Airport can be obtained from Lincoln County administrative offices at 115 West Main Street, Lincolnton, NC 28092.

#### **Note 17. Jointly Governed Organization**

The County, in conjunction with seven other counties and fifty municipalities, established the Centralina Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership dues of \$18,784 to the Council during the fiscal year ended June 30, 2015.

The County's Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$150,000 for operations for the year ended June 30, 2015.

The County's Board of Commissioners appoints one of the Lake Norman Marine Commission Board of Directors. The County provided funding of \$23,500 for the year ended June 30, 2015.

#### **Note 18. Benefit Payments Issued By the State**

The amounts below were paid directly to individual recipients by the State from Federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, which cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which do not appear in the financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Children's Health Insurance Program - North Carolina Health Choice	\$ 1,244,682	\$ 390,979
Medical assistance	60,892,936	32,596,410
Temporary Assistance to Needy Families	299,796	-
Chafee Foster Care Independence Program	22,637	-
Women, Infants, and Children	1,320,018	-
IV-E foster care	201,668	52,905
IV-E adoption subsidy	299,539	77,798
State foster home	-	130,307
Total	<u>\$ 64,281,276</u>	<u>\$ 33,248,399</u>

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2015**

#### **Note 19. Change in Accounting Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$3,047,829 and \$481,917, respectively.

In prior periods, errors related to the depreciation of capital assets in Governmental Activities and in the Solid Waste Fund were discovered. Beginning balances were restated by \$1,733,247, and \$2,679,334, respectively.

#### **Note 20. Subsequent Event**

On September 14, 2015, Lincoln County sold its home health agency, including its certificate of need. The certificate of need is issued by the state and allows the owner to operate a home health agency within a specific geographic area. This certificate, along with the assets associated with the operation, were included in the sale. The proceeds of the sale were \$2,000,000.

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## LINCOLN COUNTY, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll ( C )	UAAL as a % of Covered Payroll ((B-A)/C)
	Actuarial Value of Assets (A)	Accrued Liability (AAL) - Projected Unit Credit (B)				
12/31/2009	\$ -	\$ 1,118,030	\$ 1,118,030	0.00%	\$ 4,130,756	27.07%
12/31/2010	-	1,198,517	1,198,517	0.00%	4,329,558	27.68%
12/31/2011	-	1,248,101	1,248,101	0.00%	4,003,013	31.18%
12/31/2012	-	1,316,627	1,316,627	0.00%	4,015,989	32.78%
12/31/2013	-	1,374,091	1,374,091	0.00%	4,154,487	33.07%
12/31/2014	-	1,391,513	1,391,513	0.00%	4,383,881	31.74%

\*Reflects Changes in Actuarial Assumptions

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation End of Year
2009	\$ 95,604	85.26%	\$ 403,082
2010	113,191	60.51%	451,610
2011	147,043	47.85%	526,691
2012	154,636	50.06%	598,833
2013	157,695	53.22%	675,871
2014	166,680	54.80%	740,509
2015	200,786	41.79%	831,847

**Notes to the Required Schedules:**

The information presented in the supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/14
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
*Includes inflation at	3.00%
Cost of living adjustments	N/A

## LINCOLN COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll ( C )	UAAL as a % of Covered Payroll (B-A)/C)
	Actuarial Value of Assets (A)	Accrued Liability (AAL) - Projected Unit Credit (B)				
12/31/2008	\$ -	\$ 25,534,872	\$ 25,534,872	0.00%	\$ 23,588,521	108.3%
12/31/2010	-	29,653,869	29,653,869	0.00%	23,605,719	125.6%
12/31/2012	-	29,492,800	29,492,800	0.00%	24,819,345	118.8%
12/31/2014	-	34,908,297	34,908,297	0.00%	21,324,933	163.7%

## Schedule of Employer Contributions

Year Ended	Annual	
	Required Contribution	Percentage Contributed
2010	\$ 2,842,132	12.49%
2011	2,898,226	16.40%
2012	2,898,226	33.70%
2013	2,998,367	25.11%
2014	2,983,975	24.56%
2015	3,090,431	27.14%

## Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated.

Additional information as of the latest valuation follows:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, open
Remaining amortization period	30 years
Amortization factor	17.9837
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate:	
Pre-Medicare trend rate	7.50% - 5.00%
Post-Medicare trend rate	5.50% - 5.00%
Year of ultimate trend rate	2020

\*Includes inflation at 3.00%

**LINCOLN COUNTY, NORTH CAROLINA**

**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAST TWO FISCAL YEARS\***

**Local Government Employees' Retirement System**

	<b>2015</b>	<b>2014</b>
Proportion of the net pension liability (asset) (%)	0.47701%	0.46080%
Proportion of the net pension liability (asset) (\$)	\$ (2,813,149)	\$ 5,554,409
Covered-employee payroll	\$ 26,134,922	\$ 23,251,657
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.76%	23.89%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

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

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**LINCOLN COUNTY, NORTH CAROLINA****LINCOLN COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS****Local Government Employees' Retirement System**

	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,892,547	\$ 1,847,353
Contributions in relation to the contractually required contribution	<u>1,892,547</u>	<u>1,847,353</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 26,371,714	\$ 26,134,922
Contributions as a percentage of covered-employee payroll	7.18%	7.07%

**LINCOLN COUNTY, NORTH CAROLINA**

**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAST TWO FISCAL YEARS\***

**Register of Deeds' Supplemental Pension Fund**

	<b>2015</b>	<b>2014</b>
Proportion of the net pension liability (asset) (%)	0.80800%	0.79900%
Proportion of the net pension liability (asset) (\$)	\$ (183,245)	\$ 170,709
Covered-employee payroll	\$ 68,058	\$ 67,613
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-269.25%	252.48%
Plan fiduciary net position as a percentage of the total pension liability**	193.88%	190.50%

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

\*\* This will be the same percentage for all participant employers in the ROD plan.

**LINCOLN COUNTY, NORTH CAROLINA****LINCOLN COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS****Register of Deeds' Supplemental Pension Fund**

	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 6,736	\$ 6,601
Contributions in relation to the contractually required contribution	<u>6,736</u>	<u>6,601</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 70,339	\$ 68,058
Contributions as a percentage of covered-employee payroll	9.58%	9.70%

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 50,282,619	\$ 50,857,508	\$ 574,889	\$ 51,516,392
Total	<u>50,282,619</u>	<u>50,857,508</u>	<u>574,889</u>	<u>51,516,392</u>
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	5,499,960	6,145,225	645,265	5,542,568
Article 40 one-half of one percent	4,125,175	4,418,811	293,636	4,031,972
Article 42 one-half of one percent	2,991,853	3,367,263	375,410	3,043,911
Article 44 one-half of one percent	-	5,447	5,447	3,143
Medicaid hold harmless	300,000	487,247	187,247	450,332
Total	<u>12,916,988</u>	<u>14,423,993</u>	<u>1,507,005</u>	<u>13,071,926</u>
<b>Other Taxes and Licenses:</b>				
Real estate transfer tax	500,000	858,192	358,192	737,628
Local occupancy tax and car rental tax	87,500	146,633	59,133	114,079
Utility franchise tax	230,000	229,091	(909)	228,408
Total	<u>817,500</u>	<u>1,233,916</u>	<u>416,416</u>	<u>1,080,115</u>
<b>Unrestricted Intergovernmental Revenues:</b>				
Beer and wine tax	300,000	330,007	30,007	317,328
Total	<u>300,000</u>	<u>330,007</u>	<u>30,007</u>	<u>317,328</u>
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants	12,031,179	11,963,446	(67,733)	10,753,630
Court facilities fees	100,000	101,592	1,592	97,021
ABC revenue	225,000	294,820	69,820	214,609
Total	<u>12,356,179</u>	<u>12,359,858</u>	<u>3,679</u>	<u>11,065,260</u>
<b>Permits and Fees:</b>				
Inspection Department	1,035,675	1,403,263	367,588	1,122,662
Sheriff Department	101,000	121,057	20,057	272,538
Soil and water conservation	-	-	-	12,525
Fire marshal	2,500	4,323	1,823	2,490
Register of Deeds	431,000	405,735	(25,265)	398,030
Total	<u>1,570,175</u>	<u>1,934,378</u>	<u>364,203</u>	<u>1,808,245</u>
<b>Sales and Services:</b>				
Rents, concessions, and fees	1,162,119	1,273,865	111,746	897,816
Ambulance fees	3,150,000	2,927,188	(222,812)	2,929,175
Animal control	76,825	83,467	6,642	80,112
Jail fees	30,000	40,224	10,224	78,354
Social Services	1,902,867	1,080,314	(822,553)	1,073,627
Health Department	331,763	435,599	103,836	881,780
Collection fees - special tax districts and City of Lincolnton	275,100	302,357	27,257	259,336
Soil and water conservation	-	-	-	43,950
Total	<u>6,928,674</u>	<u>6,143,014</u>	<u>(785,660)</u>	<u>6,244,150</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Investment Earnings</b>	<u>60,000</u>	<u>75,793</u>	<u>15,793</u>	<u>154,376</u>
<b>Miscellaneous:</b>				
Sale of property	30,000	86,967	56,967	75,815
Contributions	9,000	6,184	(2,816)	16,691
Indirect Fees	440,000	455,094	15,094	466,244
Other	194,486	76,393	(118,093)	1,356,128
Total	<u>673,486</u>	<u>624,638</u>	<u>(48,848)</u>	<u>1,914,878</u>
Total revenues	<u>85,905,621</u>	<u>87,983,105</u>	<u>2,077,484</u>	<u>87,172,670</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	117,742	124,677	(6,935)	106,635
Other operating expenditures	97,991	109,303	(11,312)	104,206
Total	<u>215,733</u>	<u>233,980</u>	<u>(18,247)</u>	<u>210,841</u>
<b>County Manager:</b>				
Salaries and employee benefits	382,252	382,213	39	358,700
Other operating expenditures	36,616	36,341	275	29,749
Total	<u>418,868</u>	<u>418,554</u>	<u>314</u>	<u>388,449</u>
<b>Human Resources:</b>				
Salaries and employee benefits	223,004	215,882	7,122	200,241
Other operating expenditures	43,831	40,576	3,255	41,617
Total	<u>266,835</u>	<u>256,458</u>	<u>10,377</u>	<u>241,858</u>
<b>Finance:</b>				
Salaries and employee benefits	536,082	535,745	337	515,409
Other operating expenditures	59,290	62,630	(3,340)	66,206
Total	<u>595,372</u>	<u>598,375</u>	<u>(3,003)</u>	<u>581,615</u>
<b>Information Technology:</b>				
Salaries and employee benefits	465,111	490,260	(25,149)	477,074
Other operating expenditures	213,814	167,069	46,745	180,391
Capital outlay	-	5,930	(5,930)	-
Total	<u>678,925</u>	<u>663,259</u>	<u>15,666</u>	<u>657,465</u>
<b>Safety and Training:</b>				
Other operating expenditures	25,900	27,955	(2,055)	25,398
Total	<u>25,900</u>	<u>27,955</u>	<u>(2,055)</u>	<u>25,398</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Elections:</b>			
Salaries and employee benefits	308,547	274,028	34,519
Special compensation	7,620	7,585	35
Other operating expenditures	142,800	125,037	17,763
Total	458,967	406,650	52,317
<b>Taxes:</b>			
Salaries and employee benefits	633,936	607,860	26,076
Other operating expenditures	516,279	396,281	119,998
Tax mapping	364,276	319,122	45,154
Tax revaluation	719,013	590,468	128,545
Total	2,233,504	1,913,731	319,773
<b>Legal:</b>			
Other operating expenditures	160,064	210,471	(50,407)
Total	160,064	210,471	(50,407)
<b>Register of Deeds:</b>			
Salaries and employee benefits	432,351	422,704	9,647
Other operating expenditures	414,544	545,415	(130,871)
Capital outlay	4,000	3,920	80
Total	850,895	972,039	(121,144)
<b>Central Services:</b>			
Salaries and employee benefits	756,000	722,175	33,825
Other operating expenditures	35,000	32,807	2,193
Total	791,000	754,982	36,018
<b>Building Maintenance:</b>			
Salaries and employee benefits	501,625	499,208	2,417
Other operating expenditures	857,314	881,350	(24,036)
Total	1,358,939	1,380,558	(21,619)
<b>Public Buildings:</b>			
Salaries and employee benefits	76,595	67,029	9,566
Other operating expenditures	178,220	242,118	(63,898)
Total	254,815	309,147	(54,332)
<b>District Court:</b>			
Other operating expenditures	40,937	35,475	5,462
Total	40,937	35,475	5,462

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Special Grants:</b>			
Forestry program	70,555	61,854	8,701
Lake Norman Marine Commission	74,925	74,925	-
Lake Norman RPO	17,200	19,124	(1,924)
Regional Council of Government	18,784	18,784	-
West/East Lincoln Rescue Squads	60,250	54,395	5,855
Miscellaneous grants	4,000	10,103	(6,103)
Airport Authority	57,184	57,184	-
Arts Council	7,268	7,268	-
Mainstreet Program	-	-	-
Cultural Development Center	29,216	29,216	-
Chamber of Commerce	-	-	-
Mountain Island Commission	-	-	-
Gaston Family Health Services	20,663	14,963	5,700
Historical Association	28,215	33,000	(4,785)
Total	388,260	380,816	7,444
Total general government	8,739,014	8,562,450	176,564
<b>Public Safety:</b>			
<b>Sheriff Department:</b>			
Salaries and employee benefits	7,314,111	7,170,187	143,924
Other operating expenditures	1,303,136	1,216,661	86,475
Total	8,617,247	8,386,848	230,399
Total	8,617,247	8,386,848	230,399
<b>Jail:</b>			
Salaries and employee benefits	2,082,320	2,002,121	80,199
Other operating expenditures	945,871	916,691	29,180
Total	3,028,191	2,918,812	109,379
<b>Jail Commissary:</b>			
Other operating expenditures	127,272	59,819	67,453
Total	127,272	59,819	67,453
<b>Communications:</b>			
Salaries and employee benefits	1,092,147	1,034,872	57,275
Other operating expenditures	233,911	262,720	(28,809)
Total	1,326,058	1,297,592	28,466
<b>Emergency Management:</b>			
Salaries and employee benefits	80,514	89,548	(9,034)
Other operating expenditures	37,017	37,762	(745)
Total	117,531	127,310	(9,779)

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Emergency Management - Beatties Ford:</b>			
Other operating expenditures	54,525	56,730	(2,205)
Total	54,525	56,730	(2,205)
<b>Emergency Management - Special Operations:</b>			
Other operating expenditures	27,248	25,873	1,375
Total	27,248	25,873	1,375
<b>Ambulance Services:</b>			
Salaries and employee benefits	4,660,380	4,606,623	53,757
Other operating expenditures	1,069,107	977,026	92,081
Total	5,729,487	5,583,649	145,838
<b>Fire:</b>			
Fire Marshall			
Salaries and employee benefits	174,873	174,520	353
Other operating expenditures	29,852	43,506	(13,654)
Total	204,725	218,026	(13,301)
<b>Assistance to Local Volunteer Fire Departments:</b>			
Other operating expenditures	174,800	174,400	400
Total	174,800	174,400	400
<b>Planning and Inspections:</b>			
Salaries and employee benefits	1,287,134	1,206,826	80,308
Other operating expenditures	205,279	189,417	15,862
Total	1,492,413	1,396,243	96,170
<b>Medical Examiner:</b>			
Contracted services	34,000	47,063	(13,063)
Total	34,000	47,063	(13,063)
<b>Animal Control:</b>			
Salaries and employee benefits	626,788	492,966	133,822
Other operating expenditures	255,503	267,934	(12,431)
Total	882,291	760,900	121,391
Total public safety	21,815,788	21,053,265	762,523
<b>Economic and Physical Development:</b>			
<b>Cooperative Extension:</b>			
Salaries and employee benefits	63,546	68,160	(4,614)
Other operating expenditures	319,151	197,821	121,330
Contracted services	-	-	-
Total	382,697	265,981	116,716

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Economic Development Commission/Projects:</b>			
Other operating expenditures	1,424,138	1,286,129	138,009
Total	1,424,138	1,286,129	138,009
<b>Soil and Water Conservation:</b>			
Salaries and employee benefits	115,282	127,448	(12,166)
Other operating expenditures	17,108	16,176	932
Total	132,390	143,624	(11,234)
<b>Natural Resources:</b>			
Salaries and employee benefits	113,037	114,331	(1,294)
Other operating expenditures	9,992	7,804	2,188
Total	123,029	122,135	894
<b>Community Development Block Grant:</b>			
Contracted services - CDBG Grant	500,000	4,400	495,600
Total	500,000	4,400	495,600
Total economic and physical development	2,562,254	1,822,269	739,985
			1,620,028
<b>Human Services:</b>			
<b>Health:</b>			
<b>Administration:</b>			
Salaries and employee benefits	851,164	797,488	53,676
Special compensation	1,540	860	680
Other operating expenditures	206,105	181,128	24,977
Total	1,058,809	979,476	79,333
<b>Immunization:</b>			
Salaries and employee benefits	61,094	57,945	3,149
Other operating expenditures	59,727	39,324	20,403
Total	120,821	97,269	23,552
<b>Adult Health:</b>			
Salaries and employee benefits	111,351	105,295	6,056
Other operating expenditures	5,670	2,928	2,742
Total	117,021	108,223	8,798
<b>Duke Discretionary:</b>			
Other operating expenditures	75,300	176,760	(101,460)
Total	75,300	176,760	(101,460)

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>BCCP - Health:</b>			
Salaries and employee benefits	5,923	5,732	191
Other operating expenditures	43,105	26,810	16,295
Total	49,028	32,542	16,486
<b>Community Transformation Project:</b>			
Other operating expenditures	-	-	50
Total	-	-	50
<b>Communicable Disease:</b>			
Salaries and employee benefits	46,963	39,382	7,581
Other operating expenditures	11,271	7,088	4,183
Total	58,234	46,470	11,764
<b>Lab:</b>			
Salaries and employee benefits	104,530	105,554	(1,024)
Other operating expenditures	70,506	48,337	22,169
Total	175,036	153,891	21,145
<b>Family Planning:</b>			
Salaries and employee benefits	107,252	110,425	(3,173)
Other operating expenditures	48,529	13,706	34,823
Total	155,781	124,131	31,650
<b>Maternal Health:</b>			
Salaries and employee benefits	122,454	122,999	(545)
Other operating expenditures	9,312	3,616	5,696
Capital outlay	1,000	532	468
Total	132,766	127,147	5,619
<b>Child Health:</b>			
Salaries and employee benefits	121,314	122,923	(1,609)
Other operating expenditures	5,965	2,746	3,219
Total	127,279	125,669	1,610
<b>Home Health Services:</b>			
Salaries and employee benefits	555,428	506,685	48,743
Contracted services	180,100	179,002	1,098
Other operating expenditures	147,530	107,513	40,017
Total	883,058	793,200	89,858
<b>Maternal Health Clinic:</b>			
Salaries and employee benefits	93,422	95,342	(1,920)
Other operating expenditures	9,464	6,659	2,805
Total	102,886	102,001	885

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Child Service Coordination:</b>			
Salaries and employee benefits	122,130	109,484	12,646
Other operating expenditures	10,799	5,790	5,009
Total	132,929	115,274	17,655
<b>Peer Counselor:</b>			
Salaries and employee benefits	10,570	10,539	31
Total	10,570	10,539	31
<b>Women, Infants, and Children:</b>			
Salaries and employee benefits	276,869	216,232	60,637
Other operating expenditures	19,058	14,108	4,950
Total	295,927	230,340	65,587
<b>Day Care Grant:</b>			
Salaries and employee benefits	53,017	53,099	(82)
Other operating expenditures	4,877	6,651	(1,774)
Total	57,894	59,750	(1,856)
<b>Nutrition:</b>			
Salaries and employee benefits	120,778	73,663	47,115
Other operating expenditures	800	178	622
Total	121,578	73,841	47,737
<b>Environmental Health:</b>			
Salaries and employee benefits	519,570	521,519	(1,949)
Other operating expenditures	76,192	61,752	14,440
Capital outlay	-	-	2,481
Total	595,762	583,271	12,491
<b>School Health:</b>			
Salaries and employee benefits	451,845	426,042	25,803
Other operating expenditures	35,431	25,269	10,162
Total	487,276	451,311	35,965
<b>Health Promotion:</b>			
Salaries and employee benefits	50,967	48,644	2,323
Other operating expenditures	19,979	11,094	8,885
Total	70,946	59,738	11,208
<b>Bioterrorism:</b>			
Salaries and employee benefits	60,632	61,074	(442)
Other operating expenditures	15,291	12,597	2,694
Total	75,923	73,671	2,252

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Contracted Services:</b>			
Salaries and employee benefits	568,584	517,998	50,586
Other operating expenditures	52,751	39,546	13,205
Total	621,335	557,544	63,791
<b>Other Health Programs:</b>			
6th Grade Health Study Grant	-	-	97
Susan Komen	455,028	433,052	21,976
Total	455,028	433,052	21,976
Total health	5,981,187	5,515,110	466,077
<b>Mental Health:</b>			
Other operating expenditures	-	-	285,844
Total	-	-	285,844
<b>Social Services:</b>			
<b>Administration:</b>			
Salaries and employee benefits	875,732	870,544	5,188
Special compensation	1,200	920	280
Other operating expenditures	579,280	467,717	111,563
Capital outlay	354,820	121,100	233,720
Total	1,811,032	1,460,281	350,751
<b>Children's Services:</b>			
Salaries and employee benefits	2,321,780	2,176,263	145,517
Foster care	985,275	886,270	99,005
Other operating expenditures	125,248	61,106	64,142
Total	3,432,303	3,123,639	308,664
<b>Adolescent Parenting:</b>			
Salaries and employee benefits	63,982	53,315	10,667
Other operating expenditures	4,078	1,455	2,623
Total	68,060	54,770	13,290
<b>Adult Services:</b>			
Salaries and employee benefits	692,617	663,330	29,287
Long-term care, SD	483,920	464,098	19,822
Other operating expenditures	245,703	220,321	25,382
Total	1,422,240	1,347,749	74,491
<b>State In-Home Care:</b>			
Special compensation	-	-	5,273
Total	-	-	5,273

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Office on Aging - HCCBG:</b>			
Special contracted services			209,835
Total			209,835
<b>Child Support Enforcement:</b>			
Salaries and employee benefits	475,640	405,582	70,058
Other operating expenditures	25,902	16,917	8,985
Total	501,542	422,499	79,043
<b>CAP - Children:</b>			
Special contracted services	26,837	-	26,837
Total	26,837	-	26,837
<b>CAP - Disabled Adults:</b>			
Special contracted services	630,647	8,904	621,743
Other operating expenditures	140,000	138,435	1,565
Total	770,647	147,339	623,308
<b>TANF Program:</b>			
Salaries and employee benefits	399,368	385,455	13,913
Client travel reimbursement	1,000	824	176
Other operating expenditures	28,292	4,882	23,410
Total	428,660	391,161	37,499
<b>Family Medicaid:</b>			
Salaries and employee benefits	548,995	525,045	23,950
TANF emergency assistance	10,338	8,910	1,428
Other operating expenditures	-	-	1,787
Total	559,333	533,955	25,378
<b>Adult Medicaid:</b>			
Salaries and employee benefits	736,538	688,242	48,296
Client transportation	425,000	466,012	(41,012)
Medicaid, SD	4,500	4,580	(80)
Other operating expenditures	4,470	3,475	995
Total	1,170,508	1,162,309	8,199
<b>Food and Nutrition:</b>			
Salaries and employee benefits	653,278	629,076	24,202
Other operating expenditures	613,359	510,980	102,379
Total	1,266,637	1,140,056	126,581
			1,023,933

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Food and Nutrition - Fraud:</b>			
Special contracted services	47,945	47,540	405
Other operating expenditures	778	463	315
Total	48,723	48,003	720
<b>DSS - SHIIP</b>			
Other operating expenditures	7,091	3,872	3,219
Total	7,091	3,872	3,219
Total social services	11,513,613	9,835,633	1,677,980
<b>Assistance Programs:</b>			
SA Blind	3,672	3,672	-
Child Daycare	2,266,771	1,963,540	303,231
Communities in schools	-	-	-
Gaston skills	56,471	-	56,471
Total	2,326,914	1,967,212	359,702
<b>Veterans Service Office:</b>			
Salaries and employee benefits	105,741	104,758	983
Other operating expenditures	22,253	16,610	5,643
Total	127,994	121,368	6,626
<b>JCP Administration:</b>			
Administration	9,825	7,406	2,419
Total	9,825	7,406	2,419
<b>JCP Pathways MH/SA:</b>			
Pathways MH/SA	-	-	-
Total	-	-	-
<b>JCP - Communities In Schools:</b>			
Communities in schools	27,689	27,689	-
Total	27,689	27,689	-
<b>JCP - Savy Shepherd:</b>			
Savy Shepherd	60,789	60,789	-
Total	60,789	60,789	-
<b>JCP Mediation:</b>			
Mediation	13,000	13,000	-
Total	13,000	13,000	-

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>JCP CIS - After School:</b>			
Other operating expenditures	64,059	65,309	(1,250)
Total	64,059	65,309	(1,250)
<b>JCP Phoenix Counseling:</b>			
Other operating expenditures	3,750	3,750	-
Total	3,750	3,750	-
<b>JCP FamiliFirst:</b>			
Other operating expenditures	25,500	18,873	6,627
Total	25,500	18,873	6,627
<b>JCP Shepherd - Take Hold of Reins:</b>			
Shepherd - Take Hold of Reins	2,500	1,250	1,250
Total	2,500	1,250	1,250
<b>CIS/Restitution</b>			
Other operating expenditures	33,000	33,000	-
Total	33,000	33,000	-
<b>Senior Services:</b>			
Salaries and employee benefits	230,160	223,379	6,781
Other operating expenditures	300,237	266,242	33,995
Total	530,397	489,621	40,776
<b>Transportation TLC:</b>			
Salaries and employee benefits	894,359	718,992	175,367
Other operating expenditures	354,000	344,103	9,897
Total	1,248,359	1,063,095	185,264
Total human services	21,968,576	19,223,105	2,745,471
<b>Cultural and Recreational:</b>			
<b>Recreation:</b>			
Salaries and employee benefits	678,628	665,535	13,093
Contracted services	29,200	9,045	20,155
Other operating expenditures	403,756	350,029	53,727
Total	1,111,584	1,024,609	86,975
<b>Recreation - Building and Grounds:</b>			
Salaries and employee benefits	219,381	139,876	79,505
Other operating expenditures	96,816	57,647	39,169
Total	316,197	197,523	118,674

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Library:</b>			
Salaries and employee benefits	830,650	783,471	47,179
Other operating expenditures	423,593	453,805	(30,212)
Capital outlay	6,564	3,977	2,587
<b>Total</b>	<b>1,260,807</b>	<b>1,241,253</b>	<b>19,554</b>
<b>Battle of Ramsour Mill:</b>			
Other operating expenditures	4,785	-	4,785
<b>Total</b>	<b>4,785</b>	<b>-</b>	<b>4,785</b>
<b>Historical Properties:</b>			
Other operating expenditures	3,330	679	2,651
<b>Total</b>	<b>3,330</b>	<b>679</b>	<b>2,651</b>
Total cultural and recreational	<b>2,696,703</b>	<b>2,464,064</b>	<b>232,639</b>
<b>Education:</b>			
Public schools - current expense	16,156,982	16,156,982	-
Public schools - capital outlay	2,210,955	2,210,955	-
Community college - current expense	150,000	150,000	-
<b>Total education</b>	<b>18,517,937</b>	<b>18,517,937</b>	<b>18,386,184</b>
<b>Debt Service:</b>			
Principal retirement	9,214,096	9,054,196	159,900
Interest and fees	4,423,900	3,651,770	772,130
<b>Total debt service</b>	<b>13,637,996</b>	<b>12,705,966</b>	<b>932,030</b>
Total expenditures	<b>89,938,268</b>	<b>84,349,056</b>	<b>5,589,212</b>
<b>Revenues over (under) expenditures</b>	<b>(4,032,647)</b>	<b>3,634,049</b>	<b>7,666,696</b>
<b>Other Financing Sources (Uses):</b>			
Long-term debt issued	-	-	-
Payment to refunding bond escrow agent	-	-	(7,740,891)
Transfers out	(1,738,263)	(1,738,263)	-
Transfers in	1,484,501	1,659,861	175,360
Fund balance appropriated	4,286,409	-	(4,286,409)
<b>Total other financing sources (uses)</b>	<b>4,032,647</b>	<b>(78,402)</b>	<b>(4,111,049)</b>
Net change in fund balance	<b>\$ -</b>	<b>3,555,647</b>	<b>\$ 3,555,647</b>
<b>Fund Balance:</b>			
Beginning of year - July 1		23,606,489	19,796,381
End of year - June 30		<b>\$ 27,162,136</b>	<b>\$ 23,606,489</b>

## LINCOLN COUNTY, NORTH CAROLINA

## MAJOR CAPITAL PROJECT FUND

## GENERAL CAPITAL PROJECTS FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Actual				
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Restricted intergovernmental					
Federal and State grants	\$ 3,040,234	\$ 1,128,301	\$ 473,123	\$ 1,011,701	\$ 589,723
Investment earnings	-	5,441	474	5,441	474
Contributions and donations	992,940	79,824	831,740	18,579	892,985
Miscellaneous	610,000	184,238	9,471	175,788	17,921
Total revenues	<u>4,643,174</u>	<u>1,397,804</u>	<u>1,314,808</u>	<u>1,211,509</u>	<u>1,501,103</u>
<b>Expenditures:</b>					
Capital outlay					
Land and buildings	212,942	988,072	120,357	976,179	132,250
Data processing	225,705	883,462	-	883,462	-
Water/sewer lines	-	3,532,678	-	3,532,678	-
Other improvements	93,447	190,317	26,391	190,317	26,391
Contracted services	-	70,070	-	70,070	-
Other equipment	4,216,894	1,394,841	2,174,945	-	3,569,786
Design	326,992	417,011	88,189	-	505,200
Construction	26,326,101	2,744,114	3,100,161	-	5,844,275
Miscellaneous	798,566	29,580	1,213	-	30,793
Contingency	26,632	-	-	-	-
Total expenditures	<u>32,227,279</u>	<u>10,250,145</u>	<u>5,511,256</u>	<u>5,652,706</u>	<u>10,108,695</u>
Revenues over (under) expenditures	<u>(27,584,105)</u>	<u>(8,852,341)</u>	<u>(4,196,448)</u>	<u>(4,441,197)</u>	<u>(8,607,592)</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	23,444,317	7,215,000	-	1,507,689	5,707,311
Transfer to General Fund	-	-	(609,861)	-	(609,861)
Transfer from General Fund	4,139,788	4,557,662	1,738,263	2,933,508	3,362,417
Total other financing sources (uses)	<u>27,584,105</u>	<u>11,772,662</u>	<u>1,128,402</u>	<u>4,441,197</u>	<u>8,459,867</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,920,321</u>	<u>(3,068,046)</u>	<u>\$ -</u>	<u>\$ (147,725)</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			\$ 2,920,321		
End of year - June 30			<u>\$ (147,725)</u>		

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**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<b>Special Revenue Funds</b>			
	<b>Fire Districts Fund</b>	<b>Law Enforcement Fund</b>	<b>Federal Law Enforcement Fund</b>	<b>Emergency Telephone Systems Fund</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ 61,780	\$ 73,068	\$ 599,843
Taxes receivable, net	314,245	-	-	-
Accounts receivable, net	-	18	18	27,637
Due from other governments	225,000	509	2,159	4,986
Cash and cash equivalents, restricted	-	-	-	-
Total assets	<u>\$ 539,245</u>	<u>\$ 62,307</u>	<u>\$ 75,245</u>	<u>\$ 632,466</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities	\$ 19,585	\$ -	\$ -	\$ 3,582
Due to other funds	<u>205,415</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>3,582</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable taxes	<u>314,245</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>314,245</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization for State statute	225,000	527	2,177	32,623
Restricted, all other	-	61,780	73,068	596,261
Committed	-	-	-	-
Unassigned	<u>(225,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>62,307</u>	<u>75,245</u>	<u>628,884</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 539,245</u>	<u>\$ 62,307</u>	<u>\$ 75,245</u>	<u>\$ 632,466</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

<b>Capital Project Funds</b>			
<b>School</b>	<b>Capital Projects Fund</b>	<b>Capital Reserve Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ -	\$ 739,863	\$ 1,474,554
Taxes receivable, net	-	-	314,245
Accounts receivable, net	-	-	27,673
Due from other governments	-	171	232,825
Cash and cash equivalents, restricted	985,405	-	985,405
Total assets	<u>\$ 985,405</u>	<u>\$ 740,034</u>	<u>\$ 3,034,702</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ 23,167
Due to other funds	-	-	205,415
Total liabilities	<u>-</u>	<u>-</u>	<u>228,582</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable taxes	<u>-</u>	<u>-</u>	<u>314,245</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>314,245</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization for State statute	-	171	260,498
Restricted, all other	985,405	-	1,716,514
Committed	-	739,863	739,863
Unassigned	-	-	(225,000)
Total fund balances	<u>985,405</u>	<u>740,034</u>	<u>2,491,875</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 985,405</u>	<u>\$ 740,034</u>	<u>\$ 3,034,702</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Fire Districts Fund	Law Enforcement Fund	Federal Law Enforcement Fund	Emergency Telephone Systems Fund
<b>Revenues:</b>				
Ad valorem taxes	\$ 6,683,494	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	329,821
Restricted intergovernmental revenue	-	20,853	62,602	-
Miscellaneous	-	-	4,665	-
Investment earnings	-	141	116	1,357
Total revenues	<u>6,683,494</u>	<u>20,994</u>	<u>67,383</u>	<u>331,178</u>
<b>Expenditures:</b>				
Current:				
Public safety	6,683,494	8,526	34,688	259,057
Capital outlay - schools	-	-	-	-
Total expenditures	<u>6,683,494</u>	<u>8,526</u>	<u>34,688</u>	<u>259,057</u>
Revenues over (under) expenditures	-	12,468	32,695	72,121
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	-	-
Net change in fund balances	-	12,468	32,695	72,121
<b>Fund Balances:</b>				
Beginning of year - July 1	-	49,839	42,550	556,763
End of year - June 30	<u>\$ -</u>	<u>\$ 62,307</u>	<u>\$ 75,245</u>	<u>\$ 628,884</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Capital Project Funds</b>		
	<b>School</b>	<b>Capital Reserve Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Capital Projects Fund</b>		
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ -	\$ 6,683,494
Other taxes and licenses	-	-	329,821
Restricted intergovernmental revenue	-	829,500	912,955
Miscellaneous	-	-	4,665
Investment earnings	420	1,663	3,697
Total revenues	<u>420</u>	<u>831,163</u>	<u>7,934,632</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	6,985,765
Capital outlay - schools	2,966,678	-	2,966,678
Total expenditures	<u>2,966,678</u>	<u>-</u>	<u>9,952,443</u>
Revenues over (under) expenditures	(2,966,258)	831,163	(2,017,811)
<b>Other Financing Sources (Uses):</b>			
Transfers out	-	(1,050,000)	(1,050,000)
Net change in fund balances	(2,966,258)	(218,837)	(3,067,811)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>3,951,663</u>	<u>958,871</u>	<u>5,559,686</u>
End of year - June 30	<u>\$ 985,405</u>	<u>\$ 740,034</u>	<u>\$ 2,491,875</u>

## LINCOLN COUNTY, NORTH CAROLINA

**SPECIAL REVENUE - FIRE DISTRICTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Over/Under	2014	
	Budget	Actual		Actual	Actual
<b>Revenues:</b>					
Ad valorem taxes	\$ 6,233,499	\$ 6,683,494	\$ 449,995	\$ 6,646,450	
<b>Expenditures:</b>					
Alexis Fire District	341,929	347,256	(5,327)	356,461	
Boger City Fire District	631,859	616,549	15,310	648,171	
Crouse Fire District	105,821	107,496	(1,675)	115,641	
Denver Fire District	1,929,667	1,958,949	(29,282)	1,971,686	
East Lincoln Fire District	1,611,649	1,786,765	(175,116)	1,672,035	
Howard's Creek Fire District	254,321	286,176	(31,855)	295,301	
North 321 Fire District	224,369	271,107	(46,738)	237,354	
North Brook Fire District	206,828	282,197	(75,369)	289,951	
Pumpkin Center Fire District	450,429	441,626	8,803	469,181	
South Fork Fire District	242,581	338,502	(95,921)	342,754	
Union Fire District	234,046	246,871	(12,825)	247,915	
Total expenditures	<u>6,233,499</u>	<u>6,683,494</u>	<u>(449,995)</u>	<u>6,646,450</u>	
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	
<b>Fund Balance:</b>					
Beginning of year - July 1					
End of year - June 30	\$ -			\$ -	

## LINCOLN COUNTY, NORTH CAROLINA

**SPECIAL REVENUE - LAW ENFORCEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>			<b>2014</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 15,000	\$ 20,853	\$ 5,853	\$ 16,645
Investment earnings	25	141	116	56
Miscellaneous	-	-	-	4,300
Total revenues	<u>15,025</u>	<u>20,994</u>	<u>5,969</u>	<u>21,001</u>
<b>Expenditures:</b>				
Public safety	<u>25,025</u>	<u>8,526</u>	<u>16,499</u>	<u>17,368</u>
Revenues over (under) expenditures	(10,000)	12,468	22,468	3,633
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>12,468</u>	<u>\$ 12,468</u>	<u>3,633</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>49,839</u>		<u>46,206</u>
End of year - June 30		<u>\$ 62,307</u>		<u>\$ 49,839</u>

## LINCOLN COUNTY, NORTH CAROLINA

**SPECIAL REVENUE - FEDERAL LAW ENFORCEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>Variance Over/Under</b>	<b>2014</b>	
	<b>Budget</b>	<b>Actual</b>			<b>Actual</b>
<b>Revenues:</b>					
Restricted intergovernmental revenue	\$ 15,000	\$ 62,602	\$ 47,602	\$ 22,488	
Investment earnings	40	116	76	40	
Miscellaneous	2,000	4,665	2,665	11,500	
Total revenues	<u>17,040</u>	<u>67,383</u>	<u>50,343</u>	<u>34,028</u>	
<b>Expenditures:</b>					
Public safety	<u>41,040</u>	<u>34,688</u>	<u>6,352</u>	<u>15,408</u>	
Revenues over (under) expenditures	(24,000)	32,695	56,695	18,620	
<b>Other Financing Sources (Uses):</b>					
Appropriated fund balance	<u>24,000</u>	<u>-</u>	<u>(24,000)</u>	<u>-</u>	
Net change in fund balance	<u>\$ -</u>	<u>32,695</u>	<u>\$ 32,695</u>	<u>18,620</u>	
<b>Fund Balance:</b>					
Beginning of year - July 1		<u>42,550</u>		<u>23,930</u>	
End of year - June 30		<u>\$ 75,245</u>		<u>\$ 42,550</u>	

## LINCOLN COUNTY, NORTH CAROLINA

**SPECIAL REVENUE - EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>Variance</b>	<b>2014</b>
	<b>Budget</b>	<b>Actual</b>	<b>Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Other Taxes and Licenses:</b>				
911 system subscriber fees	\$ 316,608	\$ 329,821	\$ 13,213	\$ 316,608
Investment earnings	400	1,357	957	567
Total revenues	<u>317,008</u>	<u>331,178</u>	<u>14,170</u>	<u>317,175</u>
<b>Expenditures:</b>				
<b>Public Safety:</b>				
911 system subscriber fees				
Other operating expenditures	232,008	119,229	112,779	92,863
Telephone	85,000	71,724	13,276	79,104
Capital outlay	85,900	68,104	17,796	13,500
Total expenditures	<u>402,908</u>	<u>259,057</u>	<u>143,851</u>	<u>185,467</u>
Revenues over (under) expenditures	(85,900)	72,121	158,021	131,708
<b>Other Financing Sources (Uses):</b>				
Fund balance appropriated	85,900	-	(85,900)	-
Net change in fund balance	\$ -	72,121	\$ 72,121	131,708
<b>Fund Balance:</b>				
Beginning of year - July 1		556,763		425,055
End of year - June 30		<u>628,884</u>		<u>556,763</u>

## LINCOLN COUNTY, NORTH CAROLINA

**SCHOOL CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Investment earnings	\$ 211,875	\$ 396,887	\$ 420	\$ 397,307
<b>Expenditures:</b>				
Education	<u>37,633,995</u>	<u>33,922,880</u>	<u>2,966,678</u>	<u>36,889,558</u>
Revenues over (under) expenditures	<u>(37,422,120)</u>	<u>(33,525,993)</u>	<u>(2,966,258)</u>	<u>(36,492,251)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	39,777,839	39,848,504	-	39,848,504
Bond premium	-	76,694	-	76,694
Transfers out	<u>(2,980,719)</u>	<u>(3,072,542)</u>	-	<u>(3,072,542)</u>
Transfer from General Fund	<u>625,000</u>	<u>625,000</u>	-	<u>625,000</u>
Total other financing sources (uses)	<u>37,422,120</u>	<u>37,477,656</u>	-	<u>37,477,656</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,951,663</u>	<u>(2,966,258)</u>	<u>\$ 985,405</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>3,951,663</u>	
End of year - June 30			<u>\$ 985,405</u>	

## LINCOLN COUNTY, NORTH CAROLINA

**CAPITAL PROJECT - CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>Variance</b>	<b>2014</b>		
	<b>Budget</b>	<b>Actual</b>		<b>Over/Under</b>	<b>Actual</b>	
<b>Revenues:</b>						
<b>Restricted Intergovernmental:</b>						
Lottery proceeds	\$ 820,000	\$ 829,500	\$ 9,500	\$ 1,036,450		
Investment earnings	1,000	1,663	663	1,510		
Total revenues	<u>821,000</u>	<u>831,163</u>	<u>10,163</u>	<u>1,037,960</u>		
<b>Other Financing Sources (Uses):</b>						
Transfers out	(1,400,000)	(1,050,000)	350,000	(1,692,383)		
Appropriated fund balance	579,000	-	(579,000)	-		
Total other financing sources (uses)	<u>(821,000)</u>	<u>(1,050,000)</u>	<u>(229,000)</u>	<u>(1,692,383)</u>		
Net change in fund balance	\$ -	\$ (218,837)	\$ (218,837)	\$ (654,423)		
<b>Fund Balance:</b>						
Beginning of year - July 1		958,871		1,613,294		
End of year - June 30	\$ 740,034		\$ 958,871			

**LINCOLN COUNTY, NORTH CAROLINA**

**ENTERPRISE FUND - SOLID WASTE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Solid waste charges/tipping fees	\$ 1,061,850	\$ 735,073	\$ (326,777)	\$ 627,419
Other	5,000	-	(5,000)	-
Total operating revenues	<u>1,066,850</u>	<u>735,073</u>	<u>(331,777)</u>	<u>627,419</u>
<b>Non-Operating Revenues:</b>				
Availability fees	2,845,700	2,808,762	(36,938)	2,715,945
Tire disposal tax	60,000	115,232	55,232	95,873
Franchise fees	35,000	34,482	(518)	35,518
Solid waste disposal tax	60,000	54,782	(5,218)	51,025
Federal and State grants	-	-	-	10,717
NC electronics management fund distribution	1,000	6,144	5,144	5,257
Miscellaneous	-	2,643	2,643	166,283
Investment earnings	10,000	15,194	5,194	7,872
Total non-operating revenues	<u>3,011,700</u>	<u>3,037,239</u>	<u>25,539</u>	<u>3,088,490</u>
Total revenues	<u>4,078,550</u>	<u>3,772,312</u>	<u>(306,238)</u>	<u>3,715,909</u>
<b>Expenditures:</b>				
<b>Landfill Operations:</b>				
Salaries and employee benefits	1,870,859	1,807,754	63,105	1,740,089
Other operating costs	1,493,248	1,339,093	154,155	1,352,027
Capital outlay	4,116,000	727,535	3,388,465	657,764
<b>Debt Service:</b>				
Principal	25,667	39,624	(13,957)	54,648
Interest	11,433	12,706	(1,273)	589
Total expenditures	<u>7,517,207</u>	<u>3,926,712</u>	<u>3,590,495</u>	<u>3,805,117</u>
Revenues over (under) expenditures	<u>(3,438,657)</u>	<u>(154,400)</u>	<u>3,284,257</u>	<u>(89,208)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	3,425,000	400,000	(3,025,000)	385,000
Appropriated fund balance	13,657	-	(13,657)	-
Total other financing sources (uses)	<u>3,438,657</u>	<u>400,000</u>	<u>(3,038,657)</u>	<u>385,000</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**ENTERPRISE FUND - SOLID WASTE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	245,600	\$ 245,600	295,792
<b>Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Reconciling items:				
Debt principal		39,624		54,648
Long-term debt issued		(400,000)		(385,000)
Capital outlay added to capital assets		727,535		657,764
Depreciation		(988,283)		(546,144)
Contributions made to the pension plan in the current year		113,553		-
Pension expense		(12,503)		-
(Increase) decrease in compensated absences		(9,993)		(1,938)
(Increase) decrease in other post-employment benefits		(147,855)		(111,490)
(Increase) decrease in landfill closure and and post-closure costs		(720,392)		(482,133)
Total reconciling items		(1,398,314)		(814,293)
Change in net position		\$ (1,152,714)		\$ (518,501)

**LINCOLN COUNTY, NORTH CAROLINA**

**ENTERPRISE FUND - WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Water and sewer charges/fees	\$ 7,873,200	\$ 9,004,085	\$ 1,130,885	\$ 7,479,048
Water and sewer taps	135,000	137,570	2,570	145,700
Other operating revenues	5,000	51,033	46,033	48,421
Total operating revenues	<u>8,013,200</u>	<u>9,192,688</u>	<u>1,179,488</u>	<u>7,673,169</u>
<b>Non-Operating Revenues:</b>				
Investment income	-	10,547	10,547	5,319
Miscellaneous revenue	4,500	150,649	146,149	-
Other capital contributions	-	-	-	653,000
Total non-operating revenues	<u>4,500</u>	<u>161,196</u>	<u>156,696</u>	<u>658,319</u>
Total revenues	<u>8,017,700</u>	<u>9,353,884</u>	<u>1,336,184</u>	<u>8,331,488</u>
<b>Expenditures:</b>				
<b>Water System:</b>				
Salaries and employee benefits	769,845	619,876	149,969	639,824
Other operating costs	<u>1,417,475</u>	<u>1,150,759</u>	<u>266,716</u>	<u>1,190,854</u>
Total water system	<u>2,187,320</u>	<u>1,770,635</u>	<u>416,685</u>	<u>1,830,678</u>
<b>Sewer System:</b>				
Salaries and employee benefits	618,928	597,118	21,810	553,233
Other operating costs	<u>470,489</u>	<u>454,492</u>	<u>15,997</u>	<u>714,191</u>
Total sewer system	<u>1,089,417</u>	<u>1,051,610</u>	<u>37,807</u>	<u>1,267,424</u>
<b>Water Treatment Plant:</b>				
Salaries and employee benefits	603,537	564,876	38,661	545,969
Other operating costs	<u>770,156</u>	<u>728,470</u>	<u>41,686</u>	<u>547,218</u>
Total water treatment plant	<u>1,373,693</u>	<u>1,293,346</u>	<u>80,347</u>	<u>1,093,187</u>
<b>Indian Creek Pumping Station:</b>				
Other operating costs	193,900	107,014	86,886	19,213
Total Indian Creek pumping station	<u>193,900</u>	<u>107,014</u>	<u>86,886</u>	<u>19,213</u>
<b>Wastewater Treatment - Killian Creek:</b>				
Salaries and employee benefits	371,432	256,075	115,357	334,430
Other operating costs	<u>480,578</u>	<u>427,671</u>	<u>52,907</u>	<u>382,714</u>
Total wastewater treatment - Killian Creek	<u>852,010</u>	<u>683,746</u>	<u>168,264</u>	<u>717,144</u>
<b>Wastewater Treatment - Forney Creek:</b>				
Other operating costs	-	-	-	1,780
Total wastewater treatment - Forney Creek	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,780</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**ENTERPRISE FUND - WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>		<b>2014</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Debt Service:</b>			
Principal	1,326,788	1,354,724	(27,936)
Interest	475,301	382,618	92,683
Total debt service	<u>1,802,089</u>	<u>1,737,342</u>	<u>64,747</u>
Total expenditures	<u>7,498,429</u>	<u>6,643,693</u>	<u>854,736</u>
Revenues over (under) expenditures	<u>519,271</u>	<u>2,710,191</u>	<u>2,190,920</u>
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	1,221,729	-	(1,221,729)
Long-term debt issued	-	-	134,309
Transfers in (out)	<u>(1,741,000)</u>	<u>(1,741,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(519,271)</u>	<u>(1,741,000)</u>	<u>(1,221,729)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	<u>969,191</u>	<u>\$ 969,191</u>
			<u>744,717</u>
<b>Reconciliation of Modified Accrual Basis (Modified Accrual) to Full Accrual Basis:</b>			
Reconciling items:			
Debt principal	1,354,724		1,484,547
Long-term debt issued	-		(134,309)
Water and Sewer Capital Fund activity:			
Interest income	21,927		4,667
Intrafund transfers	1,741,000		778,956
Capital project expenses not capitalized	-		(15,384)
Capital contributions	-		181,730
Transfer in of capital assets	-		563,160
Capital assets contributed to others	-		(568,050)
Depreciation	(2,673,997)		(2,219,146)
Contributions made to the pension plan in the current year	132,478		-
Pension expense	(14,587)		-
Gain (loss) on disposal of capital assets	(10,000)		-
(Increase) decrease in compensated absences	8,000		7,403
(Increase) decrease in other post-employment benefits	(140,701)		(133,006)
Change in accrued interest	-		7,167
Total reconciling items	<u>418,844</u>		<u>(42,265)</u>
Change in net position	\$ <u>1,388,035</u>		\$ <u>702,452</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**ENTERPRISE FUND - WATER AND SEWER CAPITAL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Closed Projects</b>	<b>Total to Date</b>
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 4,667	\$ 21,927	\$ -	\$ 26,594
Miscellaneous	-	17,247	-	-	17,247
Total revenues	-	21,914	21,927	-	43,841
<b>Expenditures:</b>					
Capital outlay	6,513,547	5,002,539	859,368	1,377,546	4,484,361
Revenues over (under) expenditures	(6,513,547)	(4,980,625)	(837,441)	(1,377,546)	(4,440,520)
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)	6,513,547	4,525,642	1,741,000	1,064,876	5,201,766
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (454,983)	\$ 903,559	\$ (312,670)	\$ 761,246

## LINCOLN COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - EAST LINCOLN COUNTY**  
**WATER AND SEWER DISTRICT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Non-Operating Revenues:</b>				
Ad valorem taxes	\$ 928,456	\$ 912,435	\$ (16,021)	\$ 931,496
Investment earnings	500	988	488	2,131
Total non-operating revenues	<u>928,956</u>	<u>913,423</u>	<u>(15,533)</u>	<u>933,627</u>
<b>Expenditures:</b>				
Other operating costs	74,898	29,494	45,404	3,127
<b>Debt Service:</b>				
Principal	770,000	770,000	-	780,000
Interest	84,058	79,790	4,268	90,874
Total expenditures	<u>928,956</u>	<u>879,284</u>	<u>49,672</u>	<u>874,001</u>
Revenues over (under) expenditures	\$ <u>      -</u>	<u>34,139</u>	<u>\$ 34,139</u>	<u>59,626</u>
<b>Reconciliation of Modified Accrual Basis (Modified Accrual) to Full Accrual Basis:</b>				
Reconciling items:				
Debt principal		<u>770,000</u>		<u>780,000</u>
Change in net position		<u>\$ 804,139</u>		<u>\$ 839,626</u>

## LINCOLN COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF NET POSITION

## INTERNAL SERVICE FUNDS

JUNE 30, 2015

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 4,008,814	\$ -	\$ 4,008,814
Accounts receivable, net	1,166	-	1,166
Prepaid items	158,078	10,000	168,078
Total assets	<u>4,168,058</u>	<u>10,000</u>	<u>4,178,058</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and other accrued liabilities	1,042,015	485,065	1,527,080
Due to other funds	-	63,329	63,329
Total current liabilities	<u>1,042,015</u>	<u>548,394</u>	<u>1,590,409</u>
<b>Net Position:</b>			
Unrestricted	<u>\$ 3,126,043</u>	<u>\$ (538,394)</u>	<u>\$ 2,587,649</u>

## LINCOLN COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF REVENUES, EXPENSES,

## AND CHANGES IN FUND NET POSITION

## INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Operating Revenues:</b>			
Contributions from employer	\$ 5,991,783	\$ -	\$ 5,991,783
Contributions from employees	1,057,466	-	1,057,466
Flex account	5,102	-	5,102
Workers' compensation premiums	-	523,018	523,018
Total operating revenues	<u>7,054,351</u>	<u>523,018</u>	<u>7,577,369</u>
<b>Operating Expenses:</b>			
Health, admin, and consultant fees	7,492,122	123,773	7,615,895
Health and worker' compensation claims	<u>54,218</u>	<u>1,020,661</u>	<u>1,074,879</u>
Total operating expenses	<u>7,546,340</u>	<u>1,144,434</u>	<u>8,690,774</u>
Operating income (loss)	(491,989)	(621,416)	(1,113,405)
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	<u>10,121</u>	<u>194</u>	<u>10,315</u>
Change in net position	(481,868)	(621,222)	(1,103,090)
<b>Net Position:</b>			
Beginning of year - July 1	<u>3,607,911</u>	<u>82,828</u>	<u>3,690,739</u>
End of year - June 30	<u>\$ 3,126,043</u>	<u>\$ (538,394)</u>	<u>\$ 2,587,649</u>

## LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Operating Activities:</b>			
Cash received from interfund services	\$ 7,053,370	\$ 523,018	\$ 7,576,388
Cash paid for goods and services	(6,939,138)	(851,270)	(7,790,408)
Net cash provided (used) by operating activities	<u>114,232</u>	<u>(328,252)</u>	<u>(214,020)</u>
<b>Non-Capital Financing Activities:</b>			
Loans (to) from other funds	<u>-</u>	<u>63,329</u>	<u>63,329</u>
<b>Investing Activities:</b>			
Interest on investments	<u>10,121</u>	<u>194</u>	<u>10,315</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>124,353</u>	<u>(264,729)</u>	<u>(140,376)</u>
<b>Cash and Cash Equivalents/Investments:</b>			
Beginning of year - July 1	<u>3,884,461</u>	<u>264,729</u>	<u>4,149,190</u>
End of year - June 30	<u>\$ 4,008,814</u>	<u>\$ -</u>	<u>\$ 4,008,814</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	<u>\$ (491,989)</u>	<u>\$ (621,416)</u>	<u>\$ (1,113,405)</u>
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Change in assets and liabilities:			
(Increase) decrease in receivables	<u>(981)</u>	<u>-</u>	<u>(981)</u>
(Increase) decrease in prepaids	<u>(26,261)</u>	<u>-</u>	<u>(26,261)</u>
Increase (decrease) in accounts payable	<u>633,463</u>	<u>293,164</u>	<u>926,627</u>
Total adjustments	<u>606,221</u>	<u>293,164</u>	<u>899,385</u>
Net cash provided (used) by operating activities	<u>\$ 114,232</u>	<u>\$ (328,252)</u>	<u>\$ (214,020)</u>

## LINCOLN COUNTY, NORTH CAROLINA

## INTERNAL SERVICE FUNDS

## HEALTH INSURANCE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## FINANCIAL PLAN AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014	
	Financial Plan	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Contributions from employer	\$ 5,966,000	\$ 5,991,783	\$ 25,783	\$ 5,470,689
Contributions from employees	1,127,795	1,057,466	(70,329)	1,126,984
Flex account	<u>150,000</u>	<u>5,102</u>	<u>(144,898)</u>	<u>126,115</u>
Total operating revenues	<u>7,243,795</u>	<u>7,054,351</u>	<u>(189,444)</u>	<u>6,723,788</u>
<b>Operating Expenditures:</b>				
Health and consultant fees	6,367,000	7,492,122	(1,125,122)	906,489
Health claims	-	-	-	5,100,491
Patient monitoring	734,795	54,218	680,577	44,090
Flex account	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>269,875</u>
Total operating expenditures	<u>7,251,795</u>	<u>7,546,340</u>	<u>(294,545)</u>	<u>6,320,945</u>
Operating income (loss)	(8,000)	(491,989)	(483,989)	402,843
<b>Non-Operating Revenues:</b>				
Investment earnings	<u>8,000</u>	<u>10,121</u>	<u>2,121</u>	<u>4,960</u>
Change in net position - budgetary basis	\$ <u>-</u>	\$ <u>(481,868)</u>	\$ <u>(481,868)</u>	\$ <u>407,803</u>

**Note:** Prepared on the budgetary basis which is modified accrual.

## LINCOLN COUNTY, NORTH CAROLINA

## INTERNAL SERVICE FUNDS

## WORKERS' COMPENSATION FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## FINANCIAL PLAN AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014	
	Financial Plan	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Workers' compensation premiums	\$ 524,475	\$ 523,018	\$ (1,457)	\$ 511,141
<b>Operating Expenditures:</b>				
Admin and consultant fees	84,000	123,773	(39,773)	104,784
Workers' compensation claims	325,000	1,020,661	(695,661)	166,065
Reserve	115,975	-	115,975	-
Total operating expenditures	<u>524,975</u>	<u>1,144,434</u>	<u>(619,459)</u>	<u>270,849</u>
Operating income (loss)	(500)	(621,416)	(620,916)	240,292
<b>Non-Operating Revenues:</b>				
Investment earnings	<u>500</u>	<u>194</u>	<u>(306)</u>	<u>258</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ (621,222)</u>	<u>\$ (621,222)</u>	<u>\$ 240,550</u>

**Note:** Prepared on the budgetary basis which is modified accrual.

## LINCOLN COUNTY, NORTH CAROLINA

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 80,850	\$ 299,954	\$ 285,458	\$ 95,346
Total assets	<u>\$ 80,850</u>	<u>\$ 299,954</u>	<u>\$ 285,458</u>	<u>\$ 95,346</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 80,850	\$ 299,954	\$ 285,458	\$ 95,346
Total liabilities	<u>\$ 80,850</u>	<u>\$ 299,954</u>	<u>\$ 285,458</u>	<u>\$ 95,346</u>
<b>Tax Collector Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 56,278	\$ 4,601,955	\$ 4,602,392	\$ 55,841
Total assets	<u>\$ 56,278</u>	<u>\$ 4,601,955</u>	<u>\$ 4,602,392</u>	<u>\$ 55,841</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 56,278	\$ 4,601,955	\$ 4,602,392	\$ 55,841
Total liabilities	<u>\$ 56,278</u>	<u>\$ 4,601,955</u>	<u>\$ 4,602,392</u>	<u>\$ 55,841</u>
<b>Register of Deeds SB202 Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,966	\$ 57,703	\$ 57,194	\$ 5,475
Total assets	<u>\$ 4,966</u>	<u>\$ 57,703</u>	<u>\$ 57,194</u>	<u>\$ 5,475</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 4,966	\$ 57,703	\$ 57,194	\$ 5,475
Total liabilities	<u>\$ 4,966</u>	<u>\$ 57,703</u>	<u>\$ 57,194</u>	<u>\$ 5,475</u>
<b>Inmate Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 12,318	\$ 236,462	\$ 236,456	\$ 12,324
Total assets	<u>\$ 12,318</u>	<u>\$ 236,462</u>	<u>\$ 236,456</u>	<u>\$ 12,324</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 12,318	\$ 236,462	\$ 236,456	\$ 12,324
Total liabilities	<u>\$ 12,318</u>	<u>\$ 236,462</u>	<u>\$ 236,456</u>	<u>\$ 12,324</u>

## LINCOLN COUNTY, NORTH CAROLINA

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Miscellaneous Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 120,760	\$ 251,866	\$ 214,883	\$ 157,743
Total assets	<u>\$ 120,760</u>	<u>\$ 251,866</u>	<u>\$ 214,883</u>	<u>\$ 157,743</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 120,760	\$ 251,866	\$ 214,883	\$ 157,743
Total liabilities	<u>\$ 120,760</u>	<u>\$ 251,866</u>	<u>\$ 214,883</u>	<u>\$ 157,743</u>
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ 275,172	\$ 5,447,940	\$ 5,396,383	\$ 326,729
Total assets	<u>\$ 275,172</u>	<u>\$ 5,447,940</u>	<u>\$ 5,396,383</u>	<u>\$ 326,729</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 275,172	\$ 5,447,940	\$ 5,396,383	\$ 326,729
Total liabilities	<u>\$ 275,172</u>	<u>\$ 5,447,940</u>	<u>\$ 5,396,383</u>	<u>\$ 326,729</u>

## LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2015**

<b>Fiscal Year</b>	<b>Uncollected Balance</b>		<b>Collections and Credits</b>	<b>Uncollected Balance</b>	
	<b>July 1, 2014</b>	<b>Additions</b>		<b>June 30, 2015</b>	
2014-2015	\$ -	\$ 51,226,328	\$ 50,364,279	\$ 862,049	
2013-2014	980,961	-	509,891	471,070	
2012-2013	397,155	-	137,863	259,292	
2011-2012	239,393	-	80,043	159,350	
2010-2011	129,887	-	37,406	92,481	
2009-2010	87,846	-	6,303	81,543	
2008-2009	90,886	-	3,741	87,145	
2007-2008	82,550	-	2,057	80,493	
2006-2007	67,839	-	1,870	65,969	
2005-2006	59,682	-	1,677	58,005	
2004-2005	47,672	-	47,672	-	
Total	\$ 2,183,871	\$ 51,226,328	\$ 51,192,802		2,217,397

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund (1,133,644)**Ad Valorem Taxes Receivable, Net**General Fund \$ 1,083,753**Reconciliation of Collections and Credits with Revenues:**Ad valorem taxes - General Fund \$ 50,857,508

Reconciling items:

Interest and penalties	(296,089)
Discoveries related to prior years	(6,556)
Abatements related to prior years	48,030
2% discount allowed	599,950
Taxes written off	47,672
Collection of taxes previously written off	(2,009)
Interest and penalties from VTS	(35,332)
Miscellaneous adjustments	(20,372)
Total collections and credits	\$ 51,192,802

## LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2015

	County-Wide				Total Levy
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered	
				Registered Motor Vehicles	Motor Vehicles
<b>Original Levy:</b>					
<b>County Wide:</b>					
Property taxed at current year's rate	\$ 8,551,828,428	\$ 0.598	\$ 51,139,934	\$ 46,903,434	\$ 4,236,500
Late list penalties	-		47,508	47,508	-
Total original levy	<u>8,551,828,428</u>		<u>51,187,442</u>	<u>46,950,942</u>	<u>4,236,500</u>
<b>Discoveries:</b>					
Current year taxes	<u>25,698,327</u>		<u>153,676</u>	<u>147,970</u>	<u>5,706</u>
<b>Abatements and Discounts</b>	<u>(19,195,652)</u>		<u>(114,790)</u>	<u>(103,102)</u>	<u>(11,688)</u>
Total property valuation	<u>\$ 8,558,331,103</u>				
<b>Net Levy</b>			51,226,328	46,995,810	4,230,518
<b>Uncollected taxes at June 30, 2015</b>			<u>862,049</u>	<u>861,814</u>	<u>235</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 50,364,279</u>	<u>\$ 46,133,996</u>	<u>\$ 4,230,283</u>
<b>Current Levy Collection Percentage</b>			<u>98.32%</u>	<u>98.17%</u>	<u>99.99%</u>

## LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2015**Secondary Market Disclosures:****Assessed Valuation:**

Assessment Ratio (1)	<u>100%</u>
Real property	\$ 7,036,474,691
Personal property	562,239,937
Public service companies	365,935,449
Registered vehicles	593,681,026
Total assessed valuation	<u>\$ 8,558,331,103</u>
 Tax rate per \$100 (2)	 <u>\$ 0.598</u>
 Levy (includes discoveries, releases, and abatements) (3)	 <u>\$ 51,226,328</u>
 In addition to the County-wide rate, the County levies taxes on behalf of several fire districts	 <u>\$ 6,792,807</u>

(1) Percentage if appraised value has been established by statute

(2) Valuation of railroads, telephone companies, and other utilities  
as determined by the North Carolina Property Tax Commission

(3) The levy includes interest and penalties.

**LINCOLN COUNTY, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY**  
**EAST LINCOLN WATER AND SEWER DISTRICT LEVY**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Secondary Market Disclosures:****Assessed Valuation:**

Assessment Ratio (1)	<u>100%</u>
Real property	\$ 2,425,900,909
Personal property	98,517,879
Public service companies	7,641,057
Registered vehicles	<u>148,146,764</u>
<b>Total Assessed Valuation</b>	<u>\$ 2,680,206,609</u>
 Tax Rate per \$100 (2)	 <u>\$ 0.0342</u>
 Levy (includes discoveries, releases, and abatements) (3)	 <u>\$ 916,631</u>

(1) Percentage if appraised value has been established by statute

(2) Valuation of railroads, telephone companies, and other utilities  
as determined by the North Carolina Property Tax Commission

(3) The levy includes late list penalties.

**LINCOLN COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEM FUND UNSPENT BALANCE  
PSAP RECONCILIATION  
JUNE 30, 2015**

Amounts reported on the Emergency Telephone System Fund budget to actual (Schedule C-6) are different from the PSAP Revenue-Expenditure Report because:

Ending fund balance, reported on budget to actual (Schedule C-6)	\$ 628,884
Eligible 911 expenditures reported in General Fund (interfund transfer to be recorded in subsequent year):	<u>(2,127)</u>
Ending balance, PSAP Revenue-Expenditure Report	<u><u>\$ 626,757</u></u>

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**Schedule 1**  
**Lincoln County**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

	<b>Fiscal Year</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Governmental activities										
Net investment in capital assets	\$ 19,783,230	\$ 19,429,598	\$ 23,939,226	\$ 20,388,761	\$ 25,451,479	\$ 50,294,495	\$ 52,215,432	\$ 54,900,561	\$ 54,146,520	\$ 52,409,026
Restricted							13,918,975	14,286,857	9,177,119	7,513,118
Unrestricted	(63,149,458)	(75,109,725)	(76,836,707)	(72,813,944)	(84,710,471)	(87,582,889)	(104,678,297)	(102,610,445)	(91,146,787)	(82,089,234)
Total governmental activities net position	(43,366,228)	(55,680,127)	(52,897,481)	(52,425,183)	(59,258,992)	(37,288,394)	(38,543,890)	(33,423,027)	(27,823,148)	(22,167,090)
Business-type activities										
Net investment in capital assets	41,920,528	49,158,040	54,035,788	59,892,883	59,902,755	61,285,375	57,936,188	50,496,688	53,989,857	56,348,162
Unrestricted	9,621,361	11,470,000	11,997,461	7,016,581	6,288,801	3,629,961	8,595,720	6,854,093	4,384,501	5,263,073
Total business-type activities	51,541,889	60,628,040	66,033,249	66,909,464	66,191,556	64,915,336	66,531,908	57,350,781	58,374,358	61,611,235
Primary government										
Net investment in capital assets	61,703,758	68,587,638	77,975,014	80,281,644	85,354,234	111,579,870	110,151,620	105,397,249	108,136,377	108,757,188
Restricted							13,918,975	14,286,857	9,177,119	7,513,118
Unrestricted	(53,528,097)	(63,639,725)	(64,839,246)	(65,797,363)	(78,421,670)	(83,952,928)	(96,082,577)	(95,756,352)	(86,762,286)	(76,826,161)
Total primary government net position	\$ 8,175,661	\$ 4,947,913	\$ 13,135,768	\$ 14,484,281	\$ 6,932,564	\$ 27,626,942	\$ 27,988,018	\$ 23,927,754	\$ 30,551,210	\$ 39,444,145

**Schedule 2**  
**Lincoln County**  
**Changes in Net Position,**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 8,021,461	\$ 8,792,178	\$ 7,838,749	\$ 14,596,135	\$ 15,587,341	\$ 10,434,240	\$ 15,226,309	\$ 14,220,069	\$ 15,128,230	\$ 17,453,401
Public safety	17,514,812	20,408,731	23,430,338	23,753,716	24,480,904	24,782,004	24,982,363	25,701,983	26,685,171	26,537,779
Environmental protection	91,252									
Economic and physical development	1,138,483	1,456,144	1,892,385	3,326,492	2,135,200	2,120,590	2,201,122	1,808,417	3,610,352	2,353,021
Human services	19,037,216	20,527,745	21,226,794	19,029,439	18,392,778	19,559,449	18,298,851	18,773,508	18,738,888	17,324,069
Culture and recreation	1,614,685	1,607,435	1,691,147	1,882,197	2,004,323	2,218,417	2,209,728	2,380,555	2,360,608	2,610,692
Education	49,001,212	34,525,949	20,859,917	23,989,368	30,238,363	23,306,217	20,731,065	20,801,271	19,863,983	21,484,615
Interest on long term debt	4,047,733	5,045,424	4,907,325	5,258,614	5,408,907	6,604,596	8,423,957	4,251,585	3,941,948	3,189,629
Total governmental activities	100,466,854	92,363,606	81,846,655	91,835,961	98,247,816	89,025,513	92,073,395	87,937,388	90,329,180	90,953,206
Business-type activities:										
Landfill	3,429,851	3,546,096	5,345,843	5,880,066	4,594,260	5,038,688	2,087,537	4,309,839	4,234,410	4,925,026
Water and Sewer	3,547,451	3,651,448	6,526,756	7,437,335	6,864,685	7,194,130	7,999,309	7,409,355	8,378,593	7,987,776
East Lincoln County water and sewer	2,214,001	2,242,434	263,982	240,057	215,190	199,921	162,434	136,426	94,001	109,284
Total business activities	9,191,303	9,439,978	12,136,581	13,557,458	11,674,135	12,432,739	10,249,280	11,855,620	12,707,004	13,022,086
Total primary government expenses	109,658,157	101,803,584	93,983,236	105,393,419	109,921,951	101,458,252	102,322,675	99,793,008	103,036,184	103,975,292
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	926,068	1,048,260	1,114,334	1,645,146	1,478,645	1,471,098	1,590,384	1,571,735	1,758,889	1,899,052
Public safety	3,782,402	4,068,481	4,536,817	4,566,789	4,294,060	5,133,736	4,424,537	4,665,583	4,750,346	4,644,806
Human services	3,971,525	4,818,526	3,881,436	3,888,397	4,175,651	3,679,433	3,118,534	2,753,487	2,486,344	2,075,201
Culture and recreation	140,744	124,266	2,100	2,950	2,517	1,047	21,337	20,134	20,461	91,436
Operating grants and contributions:										
General government	877,850	730,421	1,033,216	933,098	884,019	1,022,821	965,069	1,031,533	1,545,655	726,230
Public safety	508,995	602,610	364,292	393,051	736,783	711,154	755,636	677,364	507,169	688,347
Economic and physical development	137,198	4,000	4,000	410,726	4,850	15,120	260,283	112,909	9,255	30,360
Human services	7,253,373	7,786,889	8,252,407	9,093,058	9,084,230	10,646,933	10,034,395	9,960,365	10,393,912	11,495,059
Education	886,900	1,481,317	1,219,535	1,334,250	1,821,162	942,883	820,381	116,456	112,836	132,620
Capital grants and contributions:										
General government	23,212	-	132,720	993,870	1,444,381	20,583,014	508,081	1,288,253	1,143,064	1,314,334
Public safety	-	-	-	-	-	-	-	55,295	-	-
Human services	-	162,635	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	809,283	1,036,450	829,500
Total governmental activities program revenues	18,508,267	20,827,405	20,540,857	23,261,335	23,926,298	44,207,239	22,498,637	23,062,397	23,764,381	23,926,945

**Schedule 2**  
**Lincoln County**  
**Changes in Net Position,**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)

	<b>Fiscal Year</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Business-type activities:</b>										
Landfill	2,711,745	2,818,251	2,926,931	2,994,637	2,987,950	3,208,740	3,720,626	3,547,567	3,708,037	3,757,118
Charge for service - Water and Sewer	5,765,962	7,061,869	9,150,036	7,564,083	6,951,482	7,288,758	7,524,847	7,493,520	7,673,169	9,343,337
Charge for service - East Lincoln Sewer District	2,330,721	3,397,520	-	-	-	-	-	-	-	-
Capital grants and contributions - Landfill	-	520,895	-	-	-	-	-	-	-	-
Capital grants and contributions - Water	686,465	1,114,045	3,449,828	1,973,895	505,880	139,913	78,841	346,610	834,730	-
Capital grants and contributions - Sewer District	677,198	1,142,295	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>9,460,346</u>	<u>13,236,624</u>	<u>15,526,795</u>	<u>12,532,615</u>	<u>10,445,312</u>	<u>10,637,411</u>	<u>11,324,314</u>	<u>11,387,697</u>	<u>12,215,936</u>	<u>13,100,455</u>
Total primary government program revenues	<u>27,968,613</u>	<u>34,064,029</u>	<u>36,067,652</u>	<u>35,793,950</u>	<u>34,371,610</u>	<u>54,844,650</u>	<u>33,822,951</u>	<u>34,450,094</u>	<u>35,980,317</u>	<u>37,027,400</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(81,958,587)	(71,536,201)	(61,305,798)	(68,574,625)	(74,321,518)	(44,818,274)	(69,574,757)	(64,874,989)	(66,564,799)	(67,026,261)
Business-type activities	<u>2,950,788</u>	<u>6,614,897</u>	<u>3,390,214</u>	<u>(1,024,843)</u>	<u>(1,228,823)</u>	<u>(1,795,328)</u>	<u>1,075,034</u>	<u>(467,923)</u>	<u>(1,319,307)</u>	<u>78,369</u>
Total primary government net (expense)/revenue	<u>(79,007,799)</u>	<u>(64,921,304)</u>	<u>(57,915,584)</u>	<u>(69,599,468)</u>	<u>(75,550,341)</u>	<u>(46,613,602)</u>	<u>(68,499,723)</u>	<u>(65,342,912)</u>	<u>(67,884,106)</u>	<u>(66,947,892)</u>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes	38,185,874	40,282,791	43,830,954	53,625,181	54,718,453	54,568,588	54,905,801	56,124,728	57,879,585	57,588,885
Local option sales tax	14,312,428	15,791,771	16,360,401	13,803,138	10,913,165	10,369,667	11,785,721	12,224,284	13,071,926	14,423,993
Utility franchise tax	186,985	274,422	318,899	321,802	273,740	231,349	238,690	233,252	228,408	229,091
Real estate transfer tax	1,155,158	1,146,496	1,005,843	514,599	531,807	387,864	534,686	697,046	737,628	858,192
Other taxes and licenses	445,617	476,624	494,670	746,779	646,101	639,076	365,652	431,955	430,687	476,454
Unrestricted intergovernmental	446,783	462,986	472,872	456,991	294,812	500,722	479,922	289,491	317,328	330,007
Investment earnings	2,016,573	2,624,428	1,604,805	662,836	109,631	91,606	87,795	75,727	162,391	90,279
Transfers	(251,884)	-	-	-	-	-	-	-	(563,160)	-
Gain (loss) on disposal of capital assets	(1,837,216)	-	(1,084,403)	-	-	-	(79,006)	(80,631)	-	-
Total governmental activities:	<u>56,497,534</u>	<u>59,222,302</u>	<u>64,088,444</u>	<u>69,046,923</u>	<u>67,487,709</u>	<u>66,788,872</u>	<u>68,319,261</u>	<u>69,995,852</u>	<u>72,264,793</u>	<u>73,996,901</u>
<b>Business-type activities:</b>										
Property taxes	1,547,152	1,701,604	1,302,839	557,775	472,991	487,936	495,073	878,437	931,496	912,435
Investment earnings	704,796	769,650	712,156	258,880	37,924	31,172	46,465	55,390	19,989	48,656
Transfers	251,884	-	-	1,084,403	-	-	-	-	563,160	-
Gain (loss) on disposal of capital asset	-	-	-	-	-	-	-	(9,647,031)	-	-
Total business-type activities	<u>2,503,832</u>	<u>2,471,254</u>	<u>2,014,995</u>	<u>1,901,058</u>	<u>510,915</u>	<u>519,108</u>	<u>541,538</u>	<u>(8,713,204)</u>	<u>1,514,645</u>	<u>961,091</u>
Total primary government	<u>59,001,366</u>	<u>61,693,556</u>	<u>66,103,439</u>	<u>70,947,981</u>	<u>67,998,624</u>	<u>67,307,980</u>	<u>68,860,799</u>	<u>61,282,648</u>	<u>73,779,438</u>	<u>74,957,992</u>
<b>Change in Net Position</b>										
Governmental activities	(25,461,053)	(12,313,899)	2,782,646	472,298	(6,833,809)	21,970,598	(1,255,496)	5,120,863	5,020,748	6,970,640
Prior period adjustment	-	-	-	-	-	-	-	-	-	882,835
Business-type activities	5,454,620	9,086,151	5,405,209	876,215	(717,908)	(1,276,220)	1,616,572	(9,181,127)	(9,181,127)	1,039,460
Prior period adjustment	(3,202,935)	-	-	-	-	-	-	-	-	-
Total primary government	<u>\$ (23,209,368)</u>	<u>\$ (3,227,748)</u>	<u>\$ 8,187,855</u>	<u>\$ 1,348,513</u>	<u>\$ (7,551,717)</u>	<u>\$ 20,694,378</u>	<u>\$ 361,076</u>	<u>\$ (4,060,264)</u>	<u>\$ (4,160,379)</u>	<u>\$ 8,892,935</u>

**Schedule 3**

**Lincoln County**

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

(modified accrual basis of accounting)

	<b>Fiscal Year</b>						<b>Fiscal Year</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>		<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>General Fund</b>						<b>General Fund</b>					
Reserved for:						Nonspendable					
State statute	\$ 6,142,499	\$ 7,325,570	\$ 6,184,221	\$ 4,642,450	\$ 4,923,594	Prepays	\$ 412,743	\$ 588,275	\$ 616,277	\$ 630,872	\$ 631,607
Unreserved						Restricted					
Undesignated	<u>12,218,849</u>	<u>11,136,446</u>	<u>10,239,759</u>	<u>15,686,057</u>	<u>15,256,358</u>	Stabilization for State statute	4,425,101	4,642,158	5,280,132	8,046,523	5,149,448
<b>Total General Fund</b>	<u>\$ 18,361,348</u>	<u>\$ 18,462,016</u>	<u>\$ 16,423,980</u>	<u>\$ 20,328,507</u>	<u>\$ 20,179,952</u>	Restricted, all other	46,046	48,767	50,322	39,044	1,073,458
<b>All Other Governmental Funds</b>						Committed	-	-	-	-	-
Reserved for:						Assigned	2,881,150	2,050,429	2,105,045	2,202,711	-
State statute	\$ 546,305	\$ 614,753	\$ 625,717	\$ 545,926	\$ 499,044	Unassigned	11,342,260	11,895,426	11,744,605	12,687,339	20,307,623
Unreserved, reported in:						<b>Total General Fund</b>	<u>\$ 19,107,300</u>	<u>\$ 19,225,055</u>	<u>\$ 19,796,381</u>	<u>\$ 23,606,489</u>	<u>\$ 27,162,136</u>
Capital projects funds	30,550,999	11,406,471	4,431,429	13,070,660	10,666,888	<b>All Other Governmental Funds</b>					
Special revenue funds	<u>1,918,943</u>	<u>3,529,121</u>	<u>4,449,812</u>	<u>6,458,680</u>	<u>6,384,275</u>	<b>Restricted</b>					
<b>Total all other governmental funds</b>	<u>\$ 33,016,247</u>	<u>\$ 15,550,345</u>	<u>\$ 9,506,958</u>	<u>\$ 20,075,266</u>	<u>\$ 17,550,207</u>	Stabilization for State statute	495,726	690,235	53,821	238,438	-
						Restricted, all other	603,986	338,169	441,368	619,600	-
						Unassigned	-	-	-	-	-
						Committed	3,496,614	2,436,170	1,613,295	749,985	-
							<u>4,596,326</u>	<u>3,464,574</u>	<u>2,108,484</u>	<u>1,608,023</u>	<u>-</u>
						<b>Capital Project Funds</b>					
						<b>Restricted</b>					
						Stabilization for State statute	540,662	15,898	3,032,244	233,514	298,605
						Restricted, all other	1,523,768	821,143	821,523	6,115,000	-
						Committed	1,225,391	1,232,123	-	-	-
						Unassigned	-	-	(3,627,036)	(3,428,193)	(446,330)
							<u>3,289,821</u>	<u>2,069,164</u>	<u>226,731</u>	<u>2,920,321</u>	<u>(147,725)</u>
						<b>Special Revenue Funds</b>					
						<b>Restricted</b>					
						Stabilization for State statute	11,368,364	8,183,748	5,428,970	3,951,663	260,327
						Restricted, all other	(201,780)	-	-	-	731,109
						Unassigned	<u>\$ 11,166,584</u>	<u>\$ 8,183,748</u>	<u>\$ 5,428,970</u>	<u>\$ 3,951,663</u>	<u>\$ 225,000</u>
						<b>Total Special Revenue Funds</b>	<u>\$ 11,166,584</u>	<u>\$ 8,183,748</u>	<u>\$ 5,428,970</u>	<u>\$ 3,951,663</u>	<u>\$ 766,436</u>

**Schedule 4**  
**Lincoln County**  
**Changes in fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Ad valorem taxes	\$ 38,564,953	\$ 40,273,413	\$ 43,831,868	\$ 53,306,067	\$ 54,655,457	\$ 54,810,341	\$ 49,019,309	\$ 55,825,088	\$ 58,162,842	\$ 57,541,002
Local option sales taxes	14,312,428	15,791,771	16,360,401	13,803,138	10,913,165	10,369,667	11,785,721	12,224,284	13,071,926	14,423,993
Other taxes and licenses	1,787,760	1,897,542	1,819,412	1,583,180	1,451,648	1,258,289	859,857	1,362,253	1,396,723	1,563,737
Unrestricted intergovernmental revenues	446,783	462,986	472,872	456,991	294,812	500,722	479,922	289,491	317,328	330,007
Restricted intergovernmental revenues	9,334,631	10,005,953	10,005,506	12,071,547	13,135,650	12,693,675	11,113,384	12,950,384	13,123,144	13,745,936
Permits and fees	1,816,283	2,262,340	2,250,774	1,460,117	1,280,703	1,143,681	1,336,428	1,553,264	1,808,245	1,934,378
Sales, service and rents	7,004,456	7,797,193	7,176,094	7,911,950	8,016,111	7,971,588	7,264,115	6,881,299	6,244,150	6,143,014
Investment earnings	2,016,573	2,624,428	1,604,805	658,773	107,649	88,420	973,684	1,138,844	157,173	79,964
Miscellaneous	528,126	903,261	1,007,343	1,102,712	880,474	1,139,064	70,272	64,404	1,625,197	1,470,514
Total Revenues	75,811,993	82,018,887	84,529,075	92,354,475	90,735,669	89,975,447	82,902,692	92,289,311	95,906,728	97,232,545
<b>Expenditures</b>										
General Government	7,180,315	7,115,181	6,973,330	6,680,816	6,805,984	7,288,803	7,596,084	7,758,943	7,783,862	8,562,450
Public Safety	17,291,813	19,948,102	22,973,155	24,414,534	25,211,834	25,839,073	19,566,218	26,760,653	27,363,121	28,039,030
Economic and physical development	1,121,760	1,456,413	1,891,301	2,560,826	2,141,124	2,130,806	2,216,098	1,824,298	1,620,028	1,822,269
Human services	18,751,492	20,233,571	21,030,957	19,932,951	19,486,941	20,796,790	20,259,280	20,368,292	20,025,104	19,223,105
Culture and Recreation	1,518,568	1,487,686	1,567,316	1,828,106	1,991,265	2,076,511	2,057,344	2,190,042	2,263,800	2,464,064
Education	14,375,502	15,671,351	17,109,628	17,742,846	18,421,240	18,421,240	17,742,846	18,043,320	18,386,184	18,517,937
Capital Outlay	36,797,703	21,698,635	8,523,119	12,481,380	15,117,985	8,452,355	-	7,436,995	7,594,533	8,477,934
Debt Service:										
Principal	5,724,576	6,727,757	7,743,368	7,872,139	8,770,711	8,970,463	9,116,549	9,037,158	10,202,473	9,054,196
Interest	4,021,663	5,045,425	4,907,326	5,258,614	5,408,907	6,604,596	4,935,755	4,251,585	3,841,493	3,651,770
Total Expenditures	106,783,392	99,384,121	92,719,500	98,772,212	103,355,991	100,580,637	83,490,174	97,671,286	99,080,598	99,812,755
Excess of revenues over (under) expenditures	(30,971,399)	(17,365,234)	(8,190,425)	(6,417,737)	(12,620,322)	(10,605,190)	(587,482)	(5,381,975)	(3,173,870)	(2,580,210)
<b>Other Financing Sources (Uses)</b>										
Transfers in	21,737,558	21,816,295	22,881,375	13,131,113	9,451,904	10,679,484	4,835,242	3,617,444	3,244,510	3,398,124
Transfers out	(21,989,442)	(21,816,295)	(22,881,375)	(13,235,823)	(9,451,904)	(10,679,484)	(4,490,310)	(3,617,444)	(3,244,510)	(3,398,124)
Bonds & installment financing issued	60,220,000	-	109,002	20,990,000	28,027,000	27,005,000	30,255,000	-	15,440,691	-
Bond premium	76,730	-	-	5,282	204,331	1,330,062	2,868,507	-	-	-
Advance refunding payments to trustee	(9,400,000)	-	-	-	(18,284,623)	(17,300,000)	(32,763,202)	-	(7,740,891)	-
Miscellaneous other financing uses	(26,070)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	50,618,776	-	109,002	20,890,572	9,946,708	11,035,062	705,237	-	7,699,800	-
Net change in fund balances	19,647,377	(17,365,234)	(8,081,423)	14,472,835	(2,673,614)	429,872	117,755	(5,381,975)	4,525,930	(2,580,210)
Debt service as a percentage of noncapital expenditures	9.35%	12.12%	14.46%	13.99%	14.12%	15.84%	20.03%	16.72%	17.55%	12.79%

**Schedule 5**

**Lincoln County**

**Assessed Value and Actual Value of Taxable Property**

**Last Ten Fiscal Years**

Fiscal Year	Real Property				Less (1)	Personal Property		Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Tax Exempt Real Property		Registered Vehicles	Other					
2006	\$ 3,909,655,314	\$ 457,076,482	\$ 188,530,612	\$ 229,539,273	\$ 642,566,748	\$ 470,754,443		\$ 372,386,636	\$ 5,811,430,962	\$ 0.610	\$ 6,056,097,293	95.96%
2007	4,164,215,627	468,304,685	212,965,670	231,632,628	612,030,406	521,418,972		367,689,163	6,114,991,895	0.610	6,789,154,985	90.07%
2008	4,400,993,725	486,377,033	238,927,010	233,414,057	664,054,035	596,207,091		356,817,245	6,509,962,082	0.610	7,743,501,941	84.07%
2009 (5)	6,112,750,043	759,355,287	333,748,227	341,501,704	646,033,399	628,739,407		351,143,578	8,490,268,237	0.570	8,559,601,005	99.19%
2010	6,292,916,491	778,326,312	336,731,226	362,572,322	596,946,534	637,110,209		355,024,551	8,634,483,001	0.570	8,852,248,309	97.54%
2011	6,321,866,239	801,334,600	350,263,463	379,000,238	578,958,863	625,157,771		346,389,974	8,644,970,672	0.570	8,078,656,828	107.01%
2012 (5)	6,042,292,471	769,901,024	340,175,570	402,679,047	608,812,906	548,502,912		335,237,971	8,242,243,807	0.598	8,353,343,273	98.67%
2013	6,069,664,351	789,290,541	336,637,941	409,512,321	627,250,127	572,370,853		348,054,638	8,333,756,130	0.598	7,982,525,029	104.40%
2014	6,360,853,481	795,884,052	338,903,200	416,961,179	613,724,810	565,094,475		354,997,816	8,612,496,655	0.598	8,371,057,943	102.88%
2015	6,189,037,954	796,831,718	350,862,508	420,023,945	593,681,026	561,002,067		365,935,449	8,437,326,777	0.598	8,305,272,937	101.59%

Source: Annual County Report of Valuation and Property Tax Levies

**Notes:**

- (1) Included as tax exempt includes property excluded as "Senior Citizens and Disabled Persons Exclusion" G.S. 105-277.1, Property listed at "present-use value" G.S. 105-277.4, and property listed as historic property G.S. 105-278. Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
- (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.
- (5) Years revaluation of property increased tax values, Lincoln County is reassessed every 4 years.

**Schedule 6**  
**Lincoln County**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**

	<b>Year Taxes Are Payable</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009(1)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Lincoln County	\$ .6100	\$ .6100	\$ .6100	0.5700	0.5700	0.5700	.59800	.59800	.59800	.59800
<b>Municipality Rates:</b>										
Lincolnton (2)	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	.5600	.5600
<b>Special District</b>										
East Lincoln Water and Sewer District (3)	0.1100	0.1100	0.0750	0.0200	.0175	.0175	.0290	0.0355	.0359	.0342
<b>Fire Districts (4)</b>										
Alexis	0.0650	0.0850	0.1450	0.1142	0.1050	0.1100	0.1100	0.1100	0.1100	0.1100
Boger City	0.0500	0.0500	0.0700	0.0700	0.0700	0.0750	0.0925	0.0925	0.0925	0.0925
Crouse	0.0500	0.0600	0.0600	0.0600	0.0600	0.0600	0.0609	0.0609	0.0609	0.0609
Denver	0.0500	0.0790	0.1150	0.0981	0.09675	0.09675	0.1099	0.1099	0.1099	0.1099
East Lincoln	0.0600	0.0650	0.0650	0.0606	0.0606	0.0606	0.0680	0.0785	0.0785	0.0850
Howards Creek	0.0500	0.0500	0.0500	0.0700	0.1000	0.1000	0.1050	0.105	0.1150	0.1150
North Brook	0.0500	0.0500	0.0600	0.0600	0.0600	0.0600	0.0600	0.035	0.0800	0.0400
North 321	0.0350	0.0350	0.0350	0.0350	0.0350	0.035	0.0350	0.06	0.03500	0.0800
Pumpkin Center	0.0500	0.0650	0.1000	0.0951	0.0951	0.0951	0.0951	0.0951	0.0938	0.0900
South Fork	0.0500	0.0500	0.0500	0.0776	0.0910	0.091	0.0910	0.091	0.1236	0.1236
Union	0.0500	0.0650	0.0650	0.0750	0.0750	0.075	0.0750	0.09	0.0900	0.0900

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Note: (1) Real property was revalued on January 1, 2004 and 2008  
these revaluations are reflected in the following fiscal year.

(2) Lincoln County is an overlapping district of the City of Lincolnton

(3) Lincoln County is an overlapping district of the East Lincoln Water and Sewer District

(4) Fire districts are overlapping districts of the County, the East Lincoln Water and  
Sewer District but not of the City of Lincolnton

**Schedule 7**  
**Lincoln County**  
**Principal Property Tax Payers,**  
**Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Fiscal Year 2015</b>			<b>Fiscal Year 2006</b>		
		<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>	<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
Duke Energy Corp.	Utility	\$ 249,359,460	1	2.94%	\$ 286,260,751	1	6.06%
The Timken Company	Bearing manufacturer	81,369,812	2	0.96%	79,710,977	2	1.69%
Julius Blum, Inc.	Furniture hardware manufacturer	68,504,259	3	0.81%	44,450,485	3	0.94%
Cataler North America Corp.	Auto parts manufacturer	62,556,206	4	0.74%			
Wal Mart Stores East LP	Retail	33,341,993	5	0.39%			
Rutherford Electric Membership	Utility	31,378,113	6	0.37%	21,638,396	5	0.46%
TKC LIV LLC	Real Estate/Mfg	28,166,436	7	0.33%			
Actavis Mid Atlantic	Pharmaceuticals	24,855,768	8	0.29%			
Bellsouth Corp.	Utility	24,120,875	9	0.20%	32,726,148	4	0.69%
TKC CXXVIII LLC	Real Estate/Mfg	16,774,555	10	0.20%			
Vermont American Corp.	Tool Manufacturer				19,598,267	6	0.41%
Mohican Mills, Inc.	Textile manufacturer				16,271,099	7	0.34%
Cochrane Furniture Co., Inc.	Furniture manufacturer				12,770,423	8	0.27%
Carolina Centers, LLC	Real Estate				9,343,223	9	0.20%
McMurray Fabrics	Manufacturing				7,768,316	10	0.16%
 Totals		 \$ 620,427,477		 7.56%	 \$ 530,538,085		 11.23%

Source: Lincoln County Tax Department

**Schedule 8**  
**Lincoln County**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date			<u>Uncollected</u>
	(Original Levy)	Adjustments	Total	Amount	Percentage of Original Levy	Amount		Percentage of Adjusted Levy	Amount	Percentage of Adjusted Levy	
2006	\$ 35,554,969	\$ (14,335)	\$ 35,540,634	\$ 34,697,002	97.63%	\$ 783,950	\$ 35,480,952	99.83%	\$ 59,682		
2007	37,196,591	154,642	37,351,233	36,499,544	97.72%	783,850	37,283,394	99.82%	67,839		
2008	39,495,597	260,891	39,756,488	38,884,020	97.81%	789,918	39,673,938	99.79%	82,550		
2009	48,397,102	144,571	48,541,673	47,330,210	97.50%	1,120,577	48,450,787	99.81%	90,886		
2010	48,978,334	323,666	49,302,000	48,202,295	97.77%	1,011,859	49,214,154	99.82%	87,846		
2011	49,168,763	152,177	49,320,940	48,295,770	97.92%	895,283	49,191,053	99.74%	129,887		
2012	49,318,299	19,177	49,337,476	48,213,572	97.72%	884,511	49,098,083	99.51%	239,393		
2013	49,575,234	563,425	50,138,659	48,908,152	97.55%	833,352	49,741,504	99.21%	397,155		
2014	51,400,496	151,116	51,551,612	50,570,651	98.10%	-	50,570,651	98.10%	980,961		
2015	50,455,214	105,063	50,560,277	49,283,713	97.48%	-	49,283,713	97.48%	1,276,564		
									\$ 3,542,738		

Source: Lincoln County Tax Department

**Schedule 9****Lincoln County****Ratios of Outstanding Debt by Type,****Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-type Activities					Percentage of Personal Income (1)	
	General Obligation Bonds	Installment Loans	Capital Leases	General Obligation Bonds	State Clean Water Loan	Installment Loans	Primary Government	Per Capita (1)		
2006	\$ 90,935,156	\$ 31,027,745	\$ -	\$ 10,394,844	\$ 2,750,000	\$ 3,942,943	\$ 139,050,688	\$ 1,961	7.44%	
2007	85,687,229	29,547,914	-	8,617,771	2,500,000	3,770,679	130,123,593	1,780	6.36%	
2008	80,473,856	27,126,921	-	6,891,144	2,250,000	3,459,975	120,201,896	1,616	5.42%	
2009	94,466,234	26,252,404	-	5,563,766	2,000,000	3,549,219	131,831,623	1,768	5.36%	
2010	98,845,751	24,919,175	-	4,414,249	1,750,000	20,152,669	150,081,844	1,982	5.91%	
2011	102,135,000	22,364,464	-	3,295,000	1,500,000	20,290,166	149,584,630	1,867	5.53%	
2012	96,000,000	21,462,915	-	2,675,000	1,250,000	21,804,848	143,192,763	1,812	4.95%	
2013	89,020,000	19,405,757	-	2,135,000	1,000,000	20,370,950	131,931,707	1,659	4.49%	
2014	84,425,797	24,753,975	-	1,605,000	750,000	19,351,064	130,885,836	1,641	4.19%	
2015	88,824,269	7,574,949	-	1,085,000	500,000	18,451,430	116,435,648	*	*	

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

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

Calendar 2014 personal income not available to calculate fiscal year 2015.

\* Information not yet available.

**Schedule 10**  
**Lincoln County**  
**Ratios of Net General Bonded Debt Outstanding,**  
**Last Ten Fiscal Years**

<b><u>General Bonded Debt Outstanding</u></b>					
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Total</b>	<b>Percentage of Personal Income(1)</b>	<b>Percentage of Actual Taxable Value of Property(2)</b>	<b>Per Capita(1)</b>
2006	\$ 101,330,000	\$ 101,330,000	5.42%	1.74%	\$ 1,429
2007	94,305,000	94,305,000	4.61%	1.54%	1,290
2008	87,365,000	87,365,000	3.94%	1.34%	1,174
2009	100,030,000	100,030,000	4.07%	1.18%	1,342
2010	103,260,000	103,260,000	4.07%	1.20%	1,364
2011	105,430,000	105,430,000	4.07%	1.22%	1,316
2012	98,675,000	98,675,000	3.40%	1.20%	1,249
2013	91,155,000	91,155,000	3.10%	1.09%	1,146
2014	86,030,797	86,030,797	2.75%	1.00%	1,079
2015	76,170,000	76,170,000	*	0.90%	*

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

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

(2) See schedule 5 for property value data.

\* Information not yet available.

**Schedule 11****Lincoln County****Legal Debt Margin Information,****Last Ten Fiscal Years**

(dollars in thousands)

	<b>Fiscal Year</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Assessed Value of Property	\$ 5,811,431	\$ 6,114,992	\$ 6,509,962	\$ 8,490,268	\$ 8,634,483	\$ 8,644,971	\$ 8,242,244	\$ 8,333,756	\$ 8,612,497	\$ 8,558,331
Debt Limit, 8% of Assessed Value (Statutory Limitation)	464,914	489,199	520,797	679,221	690,759	691,598	659,380	666,700	689,000	684,666
Amount of Debt Applicable to Limit										
Gross debt	139,051	130,124	120,202	131,832	150,082	149,585	143,193	131,932	130,886	116,436
Less: Amount available for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Debt outstanding for water and sewer purposes	17,088	14,888	12,601	11,113	26,317	25,085	25,730	23,506	21,706	20,036
Total net debt applicable to limit	121,963	115,235	107,601	120,719	123,765	124,499	117,463	108,426	109,180	96,399
Legal Debt Margin	\$ 342,952	\$ 373,964	\$ 413,196	\$ 558,503	\$ 566,994	\$ 567,098	\$ 541,917	\$ 558,275	\$ 579,820	\$ 588,267

Total net debt applicable to the limit as a percentage of debt limit 26.23% 23.56% 20.66% 17.77% 17.92% 18.00% 17.81% 16.26% 15.85% 14.08%

Note: NC Statute GS159-55 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 not yet issued; and revenue bonds.

The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

**Schedule 12**

**Lincoln County**

**Direct and Overlapping Governmental Activities Debt**

**As of June, 2015**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Cities:</b>			
City of Lincolnton (1)	\$ <u>                  </u> <u>                  </u>	100.00%	\$ <u>                  </u> <u>                  </u>
Direct - Lincoln County			<u>96,399,218</u>
Total direct and overlapping debt			<u>\$ 96,399,218</u>

(1) Source: City of Lincolnton Finance Department

**Schedule 13**  
**Lincoln County**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Year</b>	<b>Population(1)</b>	<b>Personal Income (2) (thousands of dollars)</b>	<b>Per Capita Personal Income (2)</b>	<b>Public School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>	<b>Number of Building Inspections Performed(5)</b>
2006	70,914	\$ 1,868,000	\$ 28,591	11,666	5.70%	30,578
2007	73,107	2,044,532	30,303	12,056	5.00%	31,356
2008	74,405	2,215,799	32,418	12,193	4.80%	34,693
2009	74,552	2,459,872	32,912	11,792	7.50%	24,536
2010	75,718	2,537,929	33,375	11,984	13.60%	13,921
2011	80,134	2,589,120	33,029	11,790	12.70%	13,121
2012	79,026	2,901,233	36,580	11,509	10.50%	13,149
2013	79,512	2,936,860	36,973	11,627	8.80%	13,219
2014	79,740	3,123,495	39,171	11,683	6.70%	15,465
2015	80,202	*	*	11,563	5.90%	19,868

\* Information not yet available.

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
- (3) Lincoln County School Administrative Unit.
- (4) N. C. Employment Security Commission, Annual Average for prior calendar year.
- (5) Lincoln County Building and Land Development Department. Inspections are for entire County figures are for prior calendar year.

**Schedule 14**  
**Lincoln County**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<b>Employer</b>	<b>Product or Service</b>	<b>2015</b>		<b>Percentage of Total County Employment</b>	<b>2006</b>		<b>Percentage of Total County Employment</b>
		<b>Employees</b>	<b>Rank</b>		<b>Employees</b>	<b>Rank</b>	
Lincoln County Schools	Education	1,582	1	4.20%	1,386	1	3.89%
Lincoln County Government	County Government	751	2	1.99%	482	7	1.35%
Wal-Mart Stores, Inc.	Discount Stores	730	3	1.94%	315	11	0.88%
Carolinas Medical Center	Medical Care	652	4	1.73%	467	9	1.31%
RSI Home Products	Vanities and Marble Counter Tops	625	5	1.66%	500	5	1.40%
Timken Company	Tapered Roller Bearings	531	6	1.41%	639	2	1.79%
Julius Blum, Inc.	Cabinet and Furniture Hardware	372	7	0.99%	410	10	1.15%
Actavis Corp.	Pharmaceuticals	330	8	0.88%	190	19	0.53%
Lowes	Home Improvements	270	9	0.72%	125	28	0.35%
Cataler North America	Automobile Components	264	10	0.70%			
VT LeeBoy, Inc.	Asphalt Paving Equipment	237	11	0.63%	140	26	0.37%
State of North Carolina	Various Government Agencies	190	12	0.50%	241	14	0.68%
McMurray Fabrics, Inc.	Specialty Fabrics	190	13	0.50%	100	33	0.28%
Robert Bosch Tool Corporation	Tools Manufacturer and Distributor	180	14	0.48%	476	8	1.34%
Total Civilian Labor Force for the County		38,906			35,607		

Total Civilian Labor Force for the County

Sources: Lincoln Economic Development Association  
 North Carolina Employment Security Commission  
 Telephone survey Finance Department

**Schedule 15****Lincoln County****Full-time Equivalent County Government Employees by Function,  
Last Ten Fiscal Years**

Function/Program	Full-time Equivalent Employees as of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General government</b>										
Governing body	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administration and Finance	10.5	11.0	12.0	13.0	13.2	13.2	13.2	13.2	13.2	13.2
Management Information Systems	6.0	6.0	6.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0
Elections	2.0	3.0	3.0	3.5	3.8	3.8	3.8	3.8	4.0	4.0
Tax	22.5	20.0	24.5	26.0	27.8	24.8	24.0	25.0	25.0	25.0
Register of Deeds	9.5	9.5	9.5	8.5	8.4	8.0	8.0	8.0	7.0	7.0
Public Buildings	17.5	17.5	17.5	14.5	14.5	13.4	13.4	13.4	13.4	13.4
<b>Public safety</b>										
Sheriff	103.0	100.0	117.0	128.0	128.0	126.1	128.0	128.0	128.0	128.0
Communications	22.0	22.0	21.5	24.0	21.4	22.5	22.5	22.5	19.8	19.8
Jail	40.5	41.0	41.0	42.5	43.4	43.4	43.4	43.4	44.6	44.6
Emergency Management	4.0	6.0	6.0	4.0	2.0	2.0	2.0	2.0	2.0	2.0
Ambulance Services	(1)	61.5	64.0	65.0	81.0	82.0	76.3	76.3	78.4	78.4
Fire Marshal	(2)	-	-	-	2.0	2.0	2.0	2.0	2.0	2.0
Building and Land Development	20.0	23.0	24.0	20.0	18.0	18.0	18.0	18.0	20.0	20.0
Animal Control	6.5	7.0	7.0	10.0	11.0	10.8	11.0	11.0	11.2	11.2
<b>Economic and physical development</b>										
Cooperative Extension	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.6
Soil and Water Conservation	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Human services</b>										
Health	67.5	72.0	75.0	85.0	81.5	78.4	78.4	78.4	73.4	73.4
Social Services	106.0	111.0	111.0	122.0	121.7	121.7	121.7	121.7	159.6	159.6
Veterans Service	1.0	1.5	1.5	1.5	1.0	1.0	1.0	2.0	2.0	2.0
Juvenile Crime Prevention	-	-	-	-	0.5	0.5	0.5	0.5	0.5	0.5
Office on Aging	(4)	12.0	6.0	5.5	6.5	6.5	6.5	5.5	4.0	4.0
Transportation			10.5	11.5	14.0	17.5	22.4	22.4	16.6	16.6

**Schedule 15****Lincoln County****Full-time Equivalent County Government Employees by Function,  
Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Full-time Equivalent Employees as of June 30,</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Cultural and recreation										
Recreation	18.0	11.0	15.0	26.5	30.6	29.7	29.7	29.7	25.4	25.4
Library	16.0	14.0	17.5	17.5	17.3	16.3	16.4	16.4	18.4	18.4
Historical Coordinator	1.0	1.0	1.0	-	-	-	-	-	-	-
Water/Sewer (Business activity)										
Water & Sewer Fund	(5)	28.0	34.0	42.0	43.0	43.0	42.6	42.6	39.8	39.8
East Lincoln Sewer District	(5)	8.0	8.0	-	-	-	-	-	-	-
Landfill	30.5	39.0	41.0	48.0	48.6	43.6	43.6	43.6	40.2	40.2
Total	<b><u>618.0</u></b>	<b><u>644.5</u></b>	<b><u>681.5</u></b>	<b><u>752.5</u></b>	<b><u>757.2</u></b>	<b><u>740.4</u></b>	<b><u>741.9</u></b>	<b><u>744.0</u></b>	<b><u>763.1</u></b>	<b><u>763.1</u></b>

Source: County Personnel Office

Note: This schedule 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 schedule the number of part time employees has been divided by 2.5 to arrive at the full time equivalents.

- (1) County began operation of Ambulance Services in FY 2000, previously the County had contracted with Lincoln Medical Center for services.
- (2) Fire Marshal was consolidated into Emergency Management in FY 2005.
- (4) Transportation moved from Senior Services in FY 2007.
- (5) East Lincoln County Sewer District was combined into the Water & Sewer Fund in FY 2008

**Schedule 16**  
**Lincoln County**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

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Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General government</b>										
Management Information Systems										
Work orders	3,259	3,889	3,804	3,798	4,870	5,571	5,604	5,679	4,110	n/a
<b>Elections</b>										
Registered voters	43,955	44,471	47,306	49,218	49,899	49,959	53,240	51,728	52,544	52,661
Votes cast in general elections (votes odd years city even county wide)	18,700	877	36,066	1,421	n/a	23,427	36,892	1,943	6,905	24,032
<b>Tax</b>										
Number of land records created	1,081	959	936	1,144	126	140	250	n/a	73	485
Number of ownership transfers - real estate/mfg. homes	6,499	7,114	6,679	6,118	2,411	4,293	3,995	n/a	3,671	4,350
Number of tax bills created - real/personal	65,243	67,167	66,168	69,202	68,330	68,499	68,400	n/a	70,635	71,596
Number of tax bills created - registered vehicles	89,016	85,666	89,394	89,224	87,540	85,796	84,814	n/a	n/a	84,928
<b>Register of Deeds</b>										
Total documents recorded	21,414	20,645	19,179	15,066	13,427	12,042	n/a	14,589	12,566	12,092
Deeds recorded	4,714	4,489	3,905	2,706	2,666	2,382	n/a	2,747	3,029	3,028
Marriage licenses issued	492	484	488	471	505	514	n/a	497	537	567
Births occurring	455	481	485	523	424	346	n/a	413	438	461
Deaths occurring	475	472	518	486	474	452	n/a	494	500	495
Certified copies issued	5,211	5,935	5,344	5,300	4,991	4,759	n/a	4,929	4,918	4,902
<b>Public safety</b>										
Arrests	2,869	3,618	3,265	3,213	2,928	2,975	3,979	4,205	4,607	3,848
Civil papers served	11,058	11,753	13,036	13,255	13,715	12,311	12,586	12,591	11,755	13,174
Jail bookings	4,805	3,750	3,942	3,622	3,516	3,584	3,773	4,198	4,138	4,065
Average daily jail population	117	112	110	125	123	134	133	136	134	135
Communications total calls	81,234	87,361	106,576	110,305	93,074	89,575	94,480	76,336	106,520	111,509
<b>Building</b>										
permits issued	2,512	2,560	1,795	1,884	2,238	3,035	3,019	2,616	n/a	2,960
inspections conducted	31,356	34,693	24,536	13,921	13,121	13,131	13,149	13,219	15,465	19,868
<b>Emergency medical</b>										
calls answered	9,635	12,020	14,331	14,394	15,367	16,002	16,763	18,679	17,517	14,957
patients transported	5,436	7,194	7,249	7,868	7,994	8,143	8,213	8,718	8,241	10,036
<b>Fire</b>										
Number of firemen and officers	400	450	476	500	500	500	450	564	450	453
Number of fire calls answered	1,900	2,486	2,955	3,000	3,000	3,000	6,348	7,300	8,203	9,746
Number of fire marshal inspections	450	400	1,250	1,300	1,300	1,300	1,750	2,000	1,750	1,776
<b>Animal shelter</b>										
Animals entering shelter	3,512	3,240	3,969	2,611	4,779	4,235	4,163	3,883	3,309	3,285
Animals euthanized	2,772	2,445	2,577	1,555	2,601	2,485	2,271	2,107	1,114	735

**Schedule 16**  
**Lincoln County**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Economic and physical development										
Cooperative Extension client contacts	25,099	31,950	33,984	50,055	49,206	69,149	63,688	73,990	50,790	77,013
Soil and Water Conservation										
Clients assisted	2,435	2,700	2,673	3,183	3,634	3,658	3,750	3,713	3,752	3,752
Funds landowners received from fed & state programs	581,611	226,815	284,656	443,203	233,644	176,714	346,154	496,530	247,227	n/a
Human services										
Health Department patient visits										
Adult Health	1,007	4,108	4,972	4,922	4,091	3,790	2,684	2,568	3,108	3,055
Child Health	236	1,189	1,219	1,514	1,160	1,115	1,083	1,075	1,103	1,061
Family Planning	1,025	4,586	4,932	5,892	6,842	4,836	4,723	3,935	4,357	4,413
Immunizations/Flu	4,372	4,719	2,961	3,362	5,076	2,285	1,144	1,014	1,352	1,481
Maternal Health	506	2,012	1,296	1,831	1,851	1,125	374	750	940	1,519
Primary Care	6,109	7,192	7,251	7,231	7,225	6,052	5,899	4,172	3,355	3,191
Sexually transmitted diseases	228	1,619	2,178	2,588	3,054	2,748	2,562	1,924	2,296	2,745
Tuberculosis	203	236	626	602	652	324	477	494	294	661
Case Management (child service & maternity care) (discontin	2,342	2,946	1,972	2,398	2,005	1,748	-	-	-	-
Lab services (in-house) (referred)	12,786	12,750	12,375	12,452	9,898	10,895	9,536	8,153	8,237	7,650
WIC (women infants and children)	20,684	22,749	23,269	24,715	24,180	24,345	24,490	24,864	23,381	20,910
Home Health (unduplicated patients)	358	396	379	525	406	365	504	567	518	478
Environmental Health										
Food & Lodging permits	96	100	62	70	71	68	77	39	26	40
Food, Lodging & Institutional Inspections			782	796	834	859	1,257	802	842	863
Sewage system permits	780	834	841	377	302	273	349	317	433	471
Sewage system finals	464	491	375	271	208	164	213	168	235	247
Water samples	220	165	250	344	294	258	308	284	83	100
New well permits (began 7/1/07)			189	145	96	102	137	68	107	76
Wells Inspected (water for sampling)	80	45	123	177	120	107	85	98	107	148
New well sitings (discontinued 7/1/07)	540	524	-	-	-	-	-	-	-	-
Swimming pools	35	30	31	37	25	31	31	27	32	33
Lead investigations	-	1	1	2	-	-	-	-	-	1
Complaint investigations			62	118	121	56	175	75	94	70
Social Services cases (may contain duplicates)										
Child & adult protective services	116	133	126	108	108	116	109	97	73	92
Children in foster care	71	109	97	76	53	56	62	78	82	82
Work first cases	167	161	150	160	133	128	121	119	113	119
NC health choice cases	566	617	626	666	756	826	817	866	-	1,365
Medicaid cases	6,814	7,104	7,437	8,027	8,952	8,966	9,098	9,163	9,584	9,364
Food stamp cases	2,568	2,732	2,487	3,657	4,372	5,244	5,654	4,922	5,481	5,365
Child support cases	2,599	2,733	2,809	2,823	2,863	2,765	2,920	2,919	2,842	2,874
Transportation clients served	280	524	632	667	2,444	2,900	3,810	2,966	2,206	2,591
Transportation trips provided	-	-	-	19,254	19,253	20,184	23,442	24,969	18,963	17,540

**Schedule 16**  
**Lincoln County**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Culture and recreation										
Recreation (shelter & facility reservations)										
Library volumes in collection	128,856	126,319	133,498	134,854	137,971	148,408	142,853	144,907	143,880	
Library circulation	315,578	325,699	329,072	323,544	326,429	308,342	280,413	285,669	283,041	
Water/Sewer (Business activity)										
Number of water customers	8,657	9,169	9,583	9,585	9,584	9,730	9,901	10,165	10,680	9,743
Average daily water production	2,460,000	2,640,000	2,402,250	2,296,000	2,910,000	2,800,000	2,620,000	2,790,000	2,619,000	2,800,000
Number of sewer customers	2,879	3,220	3,538	3,660	3,699	3,812	3,843	4,027	3,851	4,472
Average daily sewage treatment	548,000	617,750	610,333	700,000	729,000	780,000	880,000	825,000	799,250	900,000
Landfill										
Tons of waste sanitary landfill	45,435	45,091	44,680	45,508	48,496	46,692	43,093	38,766	39,008	39,008
Tons of waste demolition landfill	10,351	10,787	7,809	11,264	12,796	16,131	18,282	12,342	9,283	9,283
Tons of recyclables	1,440	1,678	1,870	1,848	2,175	2,187	2,048	2,423	2,537	2,537
Tons of whitegoods	1,502	1,872	1,184	968	1,023	800	1,125	1,411	1,616	1,616
Tons of tires	1,267	1,678	1,371	1,185	1,281	1,209	1,280	1,064	1,069	1,069

\* Reported on calendar year basis

Source: Various County Departments

**Schedule 17**  
**Lincoln County**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government											
Buildings	22	22	22	22	22	22	24	24	25	25	25
Public safety											
Law enforcement stations	3	3	3	3	3	3	3	3	3	3	3
Patrol units	53	53	67	71	77	77	77	77	77	79	83
Jail capacity	168	168	168	168	168	168	168	168	168	168	168
Emergency medical stations	3	3	3	3	5	6	7	7	7	9	6
Emergency medical apparatus	18	17	18	20	22	23	23	24	24	24	24
Fire department stations	11	11	11	13	15	15	15	16	17	18	19
Economic and physical development											
Human services											
Number of transportation vehicles	14	12	12	13	12	15	18	19	19	21	21
Cultural and recreation											
Number of libraries	3	3	3	3	3	3	3	3	3	3	3
Number of county parks											
Developed	2	2	2	2	4	4	4	5	5	6	6
Undeveloped	2	2	2	2	1	1	1	1	1	0	0
Park acreage:											
Developed	37	37	37	37	115	115	115	149	149	265	265
Undeveloped	54	54	54	54	116	116	116	116	116	0	0
Number of community centers	2	2	2	2	2	2	2	2	2	2	2
Number of gyms/centers	2	2	2	2	2	2	2	2	2	2	2
Water/Sewer (Business activity)											
Number of water plants	1	1	1	1	1	1	1	1	1	1	1
Miles of water mains	265	270	279	285	300	315	336	313	313	322	325
Number of wastewater plants	1	1	1	1	1	2	2	2	1	1	1
Miles of sanitary sewer	78	82	86	90	100	155	155	171	171	171	176
Landfill											
Number of sanitary landfills	1	1	1	1	1	1	1	1	1	1	1
Number of demolition landfills	1	1	1	1	1	1	1	1	1	1	1
Number of convenience sites	7	7	7	7	7	7	7	7	7	7	7

Source: Various County Departments

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

### **Independent Auditor's Report**

To the Board of Commissioners  
Lincoln County  
Lincolnton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 Lincoln County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements, and have issued our report thereon dated January 27, 2016. Our report includes a reference to other auditors who audited the financial statements of the Lincoln County ABC Board, as described in our report on Lincoln County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Lincoln County ABC Board were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005, that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lincoln County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

### **Lincoln County's Responses to Findings**

Lincoln County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lincoln County's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

### **Purpose of this Report**

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

January 27, 2016

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Lincoln County  
Lincolnton, North Carolina

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

We have audited Lincoln County, North Carolina's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Lincoln County's major Federal programs for the year ended June 30, 2015. Lincoln County's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Lincoln County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Lincoln County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Lincoln County's compliance.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324  
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085  
Toll Free Both Locations 1-800-948-0585 ♦ Website: [www.martinstarnes.com](http://www.martinstarnes.com)

## **Opinion on Each Major Federal Program**

In our opinion, Lincoln County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

## **Report on Internal Control Over Compliance**

Management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lincoln County's internal control over compliance with the types of requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 27, 2016

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Lincoln County  
Lincolnton, North Carolina

#### **Report on Compliance for Each Major State Program**

We have audited Lincoln County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Lincoln County's major State programs for the year ended June 30, 2015. Lincoln County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Lincoln County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audited Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Lincoln County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of Lincoln County's compliance.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324  
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085  
Toll Free Both Locations 1-800-948-0585 ♦ Website: [www.martinstarnes.com](http://www.martinstarnes.com)

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

In our opinion, Lincoln County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2015.

## **Report on Internal Control Over Compliance**

The management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lincoln County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 27, 2016

## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

#### 1. Summary of Auditor's Results

##### Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:	<input type="checkbox"/>	Yes	<input type="checkbox"/> No
• Material weaknesses identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> None reported
• Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported
Non-compliance material to financial statements noted?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> No

##### Federal Awards

Internal control over major Federal programs:	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
• Material weaknesses identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported
• Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported
Type of auditor's report issued on compliance for major Federal programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No

##### Identification of major Federal programs:

<u>Federal Program/Cluster Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778, 93.775, 93.777

Dollar threshold used to distinguish between Type A and Type B Programs:	<u>\$2,162,500</u>
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Auditee qualified as low-risk auditee?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
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## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

#### 1. Summary of Auditor's Results (continued)

##### State Awards

Internal control over major State programs:

- Material weaknesses identified? \_\_\_\_\_ Yes  No
- Are any significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes  None reported

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

Unmodified

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

\_\_\_\_\_ Yes  No

Identification of major State programs:

##### Program Name

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Medicaid Cluster  
Public School Building Capital Fund  
Parks and Recreation Trust Fund

## **LINCOLN COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015**

#### **2. Findings Related to the Audit of the Basic Financial Statements**

##### **Finding 2015-001 Expenditures Exceeded Appropriations**

**Criteria:** General Statutes require that all money received and expended by a local government should be included in the budget ordinance. The Statutes require that funds be appropriated before incurring the obligation for funds and that amounts be pre-audited prior to disbursements being made. These requirements imply the County has a responsibility to design a system to monitor its compliance with the budget ordinance and the General Statutes pertaining to local government finance.

**Condition:** In the current year, there were violations of the N.C. General Statute 159-8(a). Expenditures exceeded appropriations and, therefore, a failure in the pre-audit requirement. The budget amendment and pre-audit process was not effective.

**Cause:** Inadequate budget monitoring by management. The County expended more than appropriated because budget amendments were not utilized to account for departmental expenditures, health claims paid, and for collections of ad valorem taxes in excess of budgeted amounts, and the subsequent remittance of those taxes to local fire departments.

**Effect:** Budget amendments were not submitted to and approved by the Board during the current year causing the County to be over-expended in the General Fund, Fire Districts Fund, Health Insurance Fund, and the Workers' Compensation Fund.

**Context:** While performing audit procedures, we noted the condition described above.

**Recommendation:** Management and the Board should ensure that amounts are pre-audited prior to obligation and disbursement of funds and proper review of budget reports is completed to ensure compliance in future years.

**Name of Contact Person:** Deanna Rios, Finance Director

**Management's Response:** Management concurs with the condition, context, and recommendations. Management and the Board will ensure that pre-audit of expenditures is completed prior to disbursement of funds to ensure compliance in future years.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015**

#### **2. Findings Related to the Audit of the Basic Financial Statements (continued)**

##### **Finding 2015-002 Deficit Fund Equity**

**Criteria:** Management should have a control system in place to reduce the likelihood that funds operate in a deficit.

**Condition:** Several funds were operating in a deficit. A detailed note of the deficit fund balances, or net positions, is found in the notes to the financial statements of Lincoln County's audit report.

**Cause:** The County adopted a balanced budget; however, revenues were insufficient to cover the cost of operations and project expenditures.

**Effect:** The County has several funds with deficit fund balances or net position.

**Context:** During our review of the drafted financial statements, we noted the condition described above.

**Recommendation:** The County should reevaluate the cost of providing services and adjust charges to ensure that revenues and transfers cover all related costs.

**Name of Contact Person:** Deanna Rios, Finance Director

**Management's Response:** Management will evaluate charges related to the East Lincoln County Water and Sewer District Fund, General Capital Projects Fund, and the Workers' Compensation Fund and will take measures to ensure charges cover costs. Future transfers will be used to offset the deficits in these funds.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015**

#### **Finding 2015-003 Material Adjusting Journal Entries**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicated that the County's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

**Cause:** Inadequate monitoring by management.

**Effect:** Financial reports used for budget monitoring throughout the year do not properly reflect the account balances.

**Context:** While performing audit procedures, we noted the condition described above.

**Recommendation:** Management should examine the adjustments required as a result of our audit and the finance officer should assure they are reconciled and posted prior to the audit.

**Name of Contact Person:** Deanna Rios, Finance Director

**Management's Response:** Management concurs with the finding, and will review reports in the future. The main cause of this finding was a change in accounting software.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015**

#### **Finding 2015-004 Prior Period Adjustments**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** In prior periods, errors related to the depreciation of capital assets in Governmental Activities and in the Solid Waste Fund were discovered. Beginning balances were restated by \$1,733,247 and \$2,679,334, respectively.

**Cause:** Inadequate monitoring of the depreciation of capital assets by management.

**Effect:** For the statements affected, the prior year financial statements were misstated.

**Context:** Capital assets in the prior year financial statements were misstated because the depreciation was not calculated correctly.

**Recommendation:** Additional review of the depreciation reports should be implemented to prevent prior period adjustments in the future.

**Name of Contact Person:** Deanna Rios, Finance Director

**Management's Response:** Management concurs with the finding and will continue to review depreciation reports to prevent prior period adjustments. Management will review capital assets to ensure the appropriate recording of depreciation.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015**

#### **Finding 2015-005 Internal Controls over Journal Entries**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** Due to the limited number of personnel in the County's office, there are inherent limitations to segregation of duties among County personnel.

**Cause:** There is a lack of internal controls over the journal entry process.

**Effect:** Adjustments could be made without oversight.

**Context:** While documenting internal controls relating to the general ledger and journal entries, we noted one instance of a journal entry that was initiated and posted in the financial accounting system without a secondary review or approval.

**Recommendation:** Access to the books and records of the County should be separated from access to the assets of the County as much as possible. Internal controls over journal entries should be added to ensure proper segregation of duties.

**Name of Contact Person:** Deanna Rios, Finance Director

**Management's Response:** Management has reviewed the situation and has instituted new procedures to ensure that all journal entries that are prepared by any staff member are reviewed and approved by another staff member. This includes journal entries prepared by both the Finance Director and Deputy Finance Director.

#### **3. Findings and Questioned Costs Related to the Audit of Federal Awards**

None

#### **4. Findings and Questioned Costs Related to the Audit of State Awards**

None

**LINCOLN COUNTY, NORTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**2014-001:** Repeated as 2015-001, for the Fire Districts Fund.

**2014-002:** Repeated as 2015-002, for the East Lincoln County Water and Sewer District Fund.

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b>Federal Awards:</b>				
<b>U.S. Department of Agriculture</b>				
<u>Food and Nutrition Service</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
<u>Supplemental Nutrition Assist. Program Cluster</u>				
State Administrative Matching Grants for				
Supplemental Nutrition Assistance Program	10.561		\$ 431,381	\$ 53
Supplemental Nutrition Assistance Fraud Admin	10.561		29,485	-
Total Supplemental Nutrition Assistance Cluster			460,866	53
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for				
Women, Infants, & Children (WIC)	10.557		315,356	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for				
Women, Infants, & Children (WIC)	10.557		1,320,018	-
Total Women, Infants, & Children (WIC)			1,635,374	-
Total U.S. Department of Agriculture			2,096,240	53
<u>U.S. Department of Justice</u>				
<u>Office of Community Oriented Policing Services</u>				
State Criminal Alien Assistance Program	16.606		5,901	-
<u>Criminal Division</u>				
Federal Equitable Sharing Program	16.922		34,688	
Passed-through N.C. Dept. of Crime Control and Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		8,540	-
Total U.S. Department of Justice			49,129	-
<u>U.S. Department of Transportation</u>				
Passed-through the N.C. Department of Transportation				
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703		5,200	-
Formula Grant for Rural Areas- Admin	20.509	36233.131.3.1	136,385	8,524
Formula Grant for Rural Areas- Admin	20.509	36233.131.3.3	2,776	347
Total U.S. Department of Transportation			144,361	8,871
<u>U. S. Department of Homeland Security</u>				
Passed-through N.C. Dept. of Public Safety:				
Homeland Security Grant Program	97.067		107,056	-
Emergency Management Performance Grant	97.042	EMPG-2014-37109	16,706	-
Emergency Management Performance Grant - SEP	97.042	EMPG-2014-37109	35,000	-
Total U. S. Department of Homeland Security			158,762	-
<u>U.S. Department of Health &amp; Human Services</u>				
<u>Administration for Community Living</u>				
<u>Division of Social Services</u>				
Passed-through Centralina Council Governments				
<u>Aging Cluster</u>				
Special Programs for the Aging - Title III B Grants for Supportive				
Services & Senior Centers				
Access	93.044		67,723	11,951
In-Home	93.044		241,335	80,445
Title III C1 (Nutrition Services)	93.045		69,343	12,237
Total Aging Cluster			378,401	104,633

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Fed. (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>
Nutrition Services Incentive Program	93.053		8,480	-
National Family Caregiver Support, Title III E	93.052		25,949	1,730
Special Programs for the Aging, Title III, Part D Disease				
Prevention and Health Promotion Services	93.043		2,482	438
Total Division of Social Services			<u>415,312</u>	<u>106,801</u>
 Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
<u>Foster Care and Adoption Cluster:</u> (4)				
Administration:				
IV-E Adoption Training	93.659		6,070	-
IV-E Optional Adoption Training	93.659		9,356	-
IV-E Adoption/Off Training	93.659		114	-
IV-E Child Protective Services	93.658		90,028	67,849
IV-E Admin Foster Care	93.658		3,033	-
IV-E Foster Care TRN	93.658		8,740	-
IV-E Foster Care/Off TRN	93.658		218,987	-
Foster Care	93.658		59,121	-
Direct Benefit Payments:				
IV-E Admin County Paid to CCI	93.658		23,244	11,622
IV-E Foster Care	93.658		139,512	36,155
IV-E Foster Care In Excess	93.658		19,774	5,128
IV-E Max Level III	93.658		19,138	-
IV-E Adoption Subsidy & Vendor	93.659		299,539	77,798
Total Foster Care and Adoption Cluster			<u>896,656</u>	<u>198,552</u>
 Temporary Assistance for Needy Families Cluster:				
Administration:				
Temporary Assistance for Needy Families (TANF)/ Work First	93.558		141,350	-
Temporary Assistance for Needy Families (TANF)/ Work First Service	93.558		747,870	-
Direct Benefit Payments:				
Temporary Assistance for Needy Families (TANF)/ Work First				
Payments & Penalties	93.558		270,996	-
Special Children Adoption	93.558		28,800	-
Total Temporary Assistance for Needy Families Cluster			<u>1,189,016</u>	<u>-</u>
 Administration:				
Chafee Foster Care Independence Program	93.674		16,894	4,223
Social Services Block Grant - Other Services and Training	93.667		156,837	15,683
Stephanie Tubbs Jones Child Welfare Services Program: Permanency				
Planning - Families for Kids	93.645		9,084	-
Low Income Home Energy Assistance	93.568		45,700	-
Low Income Home Energy Assistance Payments	93.568		263,100	-
Low Income Home Energy Assistance: Crisis Intervention Program	93.568		227,567	-
Child Support Enforcement	93.563		436,147	-
Promoting Safe and Stable Families	93.556		22,976	-
Direct Benefit Payments:				
Chafee Foster Care Independence Program - Transitional	93.674		22,637	-
Total Division of Social Services			<u>3,286,614</u>	<u>218,458</u>
 Division of Aging:				
Division of Social Services:				
Administration:				
Social Services Block Grant CPS TANF to SSBG	93.667		112,392	-
Social Services Block Grant In-Home Services	93.667		8,308	-
Social Services Block Grant In-Home Services over 60	93.667		998	-
Social Services Block Grant Adult Protective Services	93.667		33,032	-
Total Division of Aging			<u>154,730</u>	<u>-</u>

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Fed. (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>
Subsidized Child Care Program Cluster (Note 4):				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services:				
Child Care Development Fund-Administration	93.596		80,148	-
Division of Child Development:				
Child Care and Development Fund -- Discretionary	93.575		639,861	-
Child Care and Development Fund -- Mandatory	93.596		208,830	-
Child Care and Development Fund -- Match	93.596		609,190	282,440
Total Child Care and Development Fund Cluster			<u>1,538,029</u>	<u>282,440</u>
Temporary Assistance for Needy Families (TANF)- Cluster	93.558		172,548	-
Foster Care Title IV-E	93.658		12,533	6,491
State Appropriations			-	106,276
TANF-MOE			-	90,123
Subsidized Child Care Program Cluster			<u>1,723,110</u>	<u>485,330</u>
<u>Center for Medicare and Medicaid Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Medicaid Cluster:				
Division of Medical Assistance:				
Administration:				
Medical Assistance Program:				
Adult Care Home (Case Management) and (Specialist)	93.778		30,938	6,792
State County Special Assistance	93.778		40,744	-
MAC	93.778		97,408	-
Medical Assistance Admin	93.778		1,415,216	-
Medical Transportation Admin	93.778		89,310	-
Medical Transportation Service	93.778		17,817	9,236
Direct Benefit Payments:				
Medical Assistance Program	93.778		<u>60,892,936</u>	<u>32,596,410</u>
Total Medicaid Cluster			<u>62,584,369</u>	<u>32,612,438</u>
Children's Health Insurance Program - North Carolina Health Choice				
Administration	93.767		14,117	2,693
Direct Benefit Payments	93.767		<u>1,244,682</u>	<u>390,979</u>
<u>Administration of Children and Families</u>				
Passed-through the N.C. Dept. of Health and Human Services				
Division of Social Services				
Temporary Assistance for Needy Families- Cluster	93.558		5,196	-
Total Administration of Families and Children			<u>5,196</u>	<u>-</u>
<u>Health Resources and Service Administration</u>				
Passed-through the N.C. Dept. of Health and Human Services				
Division of Public Health				
Maternal and Child Health Services Block Grant to the States	93.994		55,665	41,753
Total Health Resources and Service Administration			<u>55,665</u>	<u>41,753</u>
<u>Office of Population Affairs</u>				
Passed-through the N.C. Dept. of Health and Human Services				
Office of Population Affairs				
Family Planning Services	93.217		25,528	-
Total Office of Population Affairs			<u>25,528</u>	<u>-</u>
<u>Center for Disease Control and Prevention</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		45,238	-
Project Grants and Cooperative Agreements for				
Tuberculosis Control Programs	93.116		28	-
Immunization Grants	93.268		19,904	-

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Fed. (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		18,282	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		38,601	-
HIV Prevention Activities_Health Department Based	93.940		1,000	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977		217	-
Preventative Health & Health Services Block Grant	93.991		2,264	-
Total Division of Public Health			<u>125,534</u>	-
Total U.S. Department of Health and Human Services			<u>69,634,857</u>	33,858,452
Total Federal Awards			<u>72,083,349</u>	33,867,376
<b>State Awards:</b>				
<b>N.C. Department of Agriculture and Consumer Services</b>				
Division of Soil & Water				
N.C. Agriculture Cost Share Funds			30,360	
Total N.C. Department of Agriculture and Consumer Services			<u>30,360</u>	
<b>N.C. Department of Health and Human Services</b>				
Division of Social Services				
Passed through Centralina Council of Governments				
State Child Welfare/CPS/CS LD			111,201	
DCD Smart Start			71,059	
CWS Adopt Subsidy & Vendor Payments			323,159	
F/C At Risk Maximization			5,753	
SC/SA Domiciliary Care Payment			461,470	
SFHF Maximization			37,281	
State Foster Home			72,913	
Fan/Heat Program			420	
Total N.C. Division of Social Services			<u>1,083,256</u>	
Division of Public Health				
Food and Lodging			11,228	
General Aid to Counties			100,520	
General Communicable Disease Control			12,488	
Rick Reduction/Health Promotion			6,286	
Breast and Cervical Cancer Program			5,100	
Child Health			1,731	
Women's Health Service Fund			3,929	
HMHC-Family Planning			240	
Maternal Health (HMHC)			3,548	
HIV/STD State			400	
HIV/STD SSBG Aid			100	
Sexually Transmitted Diseases			1,852	
School Nurse Funding Initiative			143,597	
TB Medical Service			787	
Tuberculosis			1,825	
Division of Aging and Adult Services				
Administration:				
Senior Center General			3,893	
Total Division of Public Health			<u>297,524</u>	
Total N. C. Department of Health and Human Services			<u>1,380,780</u>	
<b>N.C. Department of Public Safety</b>				
Division of Juvenile Justice				
Juvenile Crime Prevention Programs				
Administration			7,405	
JCPC Refund			2,873	

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
Phoenix Counseling			3,750	
CIS Strengthening Families			27,689	
Mediation			13,000	
CIS Restitution			33,000	
CIS After School Program			44,816	
CIS Transition			20,493	
Family Centered Treatment			18,873	
Changing Lives			1,250	
Multisystemic Therapy			57,916	
Total Division of Juvenile Justice			231,065	
 Total N.C. Department of Public Safety			231,065	
 <u>N.C. Department of Environmental and Natural Resources</u>				
Division of Waste Management				
PARTF Grant Rock Springs			591,216	
White Goods Management Program			34,482	
Electronics Management			6,144	
Scrap Tire Fund - SWMGT			100,775	
Total N.C. Department of Environmental and Natural Resources			732,617	
 <u>N.C. Department of Public Instruction</u>				
Public School Building Capital Fund			829,500	
Lottery Proceeds			829,500	
Total N.C. Department of Public Instruction			829,500	
 <u>N.C. Department of Transportation</u>				
Community Transportation Program			3,123	
ROAP- Employment		DOT-16CL (36236.11.3.1)	18,357	
ROAP- EDTAP		DOT-16CL (36220.10.5.1)	69,466	
ROAP Rural General Public Transportation		DOT-16CL (36228.22.5.1)	79,497	
Total N.C. Department of Transportation Cluster			170,443	
 <u>N.C. Department of Cultural Resources</u>				
State Aids for Library			112,470	
LSTA Grant/EX Edge Tech			5,000	
LSTA Project Technology Grant			20,150	
Total N.C. Department of Cultural Resources			137,620	
 <u>N.C. Department of Insurance</u>				
SHIIP Grant			1,773	
Total N.C. Department of Insurance			1,773	
 Total State awards			3,514,158	
 Total federal and State awards			\$ 72,083,349	\$ 37,381,534

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

**1 Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Lincoln County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Lincoln County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lincoln County.

**2 Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or cost principles contained in the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Fed. (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>
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3 Subrecipients

Of the federal and State expenditures presented in the schedule, Lincoln County provided federal and State awards to subrecipients as follows:

<b>Program Title</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>
Public School Building Capital Fund - Lottery Proceeds	\$ -	\$ 829,500

4 Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes: Foster Care and Adoption Cluster and Subsidized Child Care Program Cluster.