

**LINCOLN COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared By  
Finance Department**

# **LINCOLN COUNTY**

**NORTH CAROLINA**

**BOARD OF COMMISSIONERS**

BILL BEAM, CHAIR

MARTIN OAKES, VICE-CHAIRMAN

ANITA MCCALL

CARROL D. MITCHEM

RICHARD W. PERMENTER

KELLY ATKINS, COUNTY MANAGER

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# **LINCOLN COUNTY, NORTH CAROLINA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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

December 11, 2017

Chairman Bill Beam,  
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, 2017, 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, 2017, 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, 2016, 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 is a component unit of Lincoln County and is presented as a proprietary fund. 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 but not levy a tax because all debt service of the District has been paid.

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 departmental 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 2014 population of approximately 10,732 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, 2016, according to the State Demographer, was 82,033.

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 2017 again saw large increases in residential construction permitting on the eastern end of the County. Trilogy Corporation continues to construct a large residential development, and many other permits have been taken for new construction in that part of the County. There were also several other permits issued for residential developments, with over 300 and 500 homes to be built, respectively.

### **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 many 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 a 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 2015, 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. Currently parts of the old building have been demolished, and construction has commenced on the Health Department portion of the facility. 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 deemed to be unnecessary. 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. 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 is currently under design to expand to 6.6 MGD. This project, estimated at \$25 million, will be funded from Revenue Bonds. It is to be repaid from sewer fees and capacity development fees from current and future customers.

### **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 two years.

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 \$17,818,484 expended from the General Fund. In addition, \$2,679,091 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*. GASB 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, 2016. This was the twentieth 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, 2016**

*Christopher P. Morill*

Executive Director/CEO

## **LINCOLN COUNTY, NORTH CAROLINA**

### **Principal Officials**

**June 30, 2017**

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

**Bill Beam, Chairman**

**Martin Oakes, Vice-Chairman**

**Anita McCall**

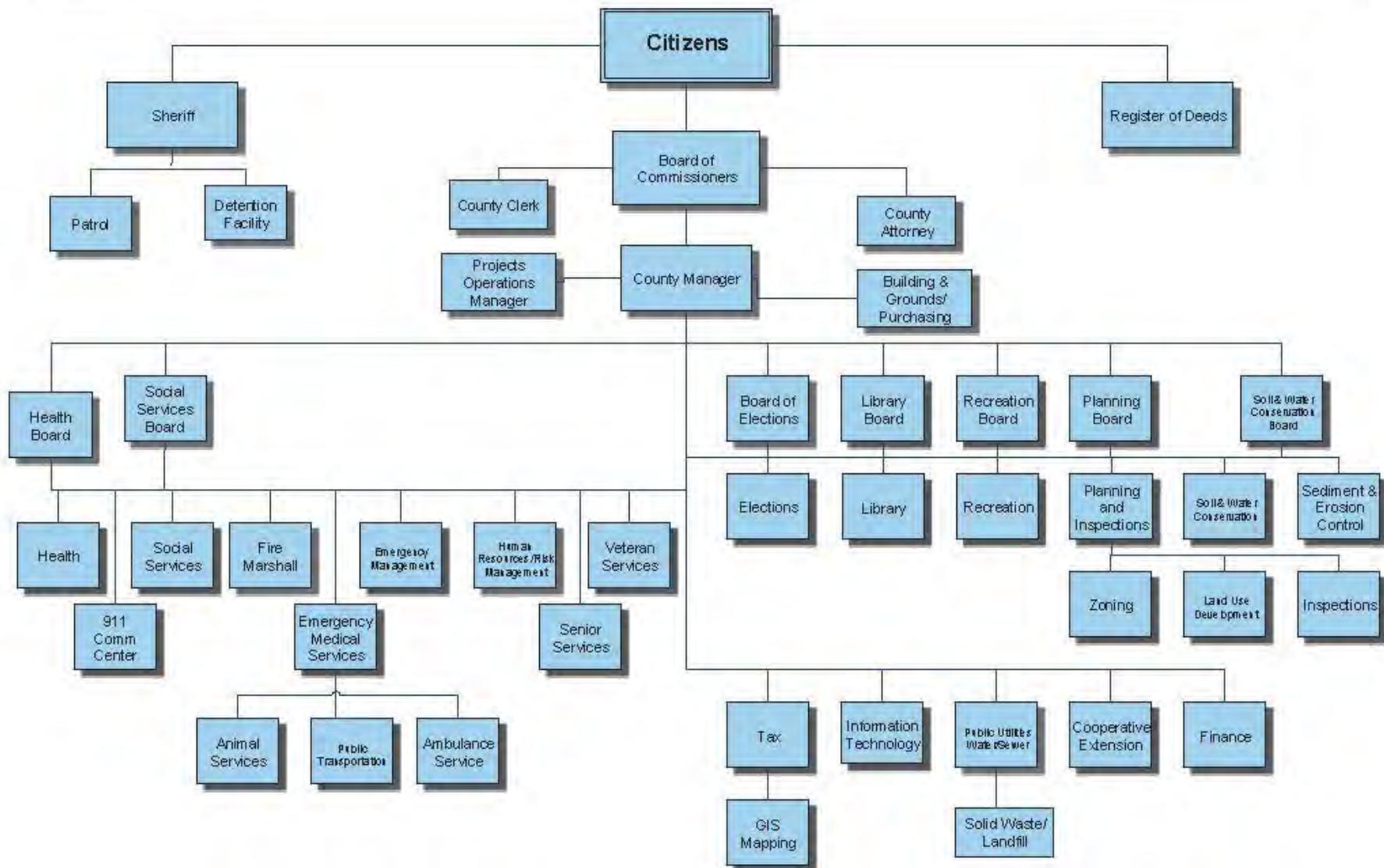
**Carrol D. Mitchem**

**Richard W. Permenter**

#### **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>Hannah Beaver</b>	<b>Animal Services</b>
<b>John Henry</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>Kathryn Saine</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>Tax Administrator</b>
<b>Ron Rombs</b>	<b>Transportation</b>
<b>Alex Patton</b>	<b>Veterans Service</b>

## Lincoln County



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# MARTIN ♦ STARNES

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## & 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of and for the year ended June 30, 2017, 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, which represents 99.2 percent, 99.1 percent, and 99.4 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. 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 the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the 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

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730 13<sup>th</sup> Avenue Drive SE ♦ Hickory, NC 28602 ♦ 828-327-2727 ♦ Fax 828-328-2324

13 South Center Street ♦ Taylorsville, NC 28681 ♦ 828-632-9025 ♦ Fax 828-632-9085

PO Box 5729 ♦ Statesville, NC 28687 ♦ 1710 Wilkesboro Hwy ♦ Statesville, NC 28625 ♦ 704-872-8923 ♦ Fax 704-872-4982

800-948-0585 ♦ [www.martinstarnes.com](http://www.martinstarnes.com)

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of June 30, 2017, 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 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 Schedule of County's Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) and Schedule of County's Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll 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 and the other auditors 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed above, and the report of the other auditors, 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 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 December 11, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lincoln County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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  
December 11, 2017

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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, 2017. 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**

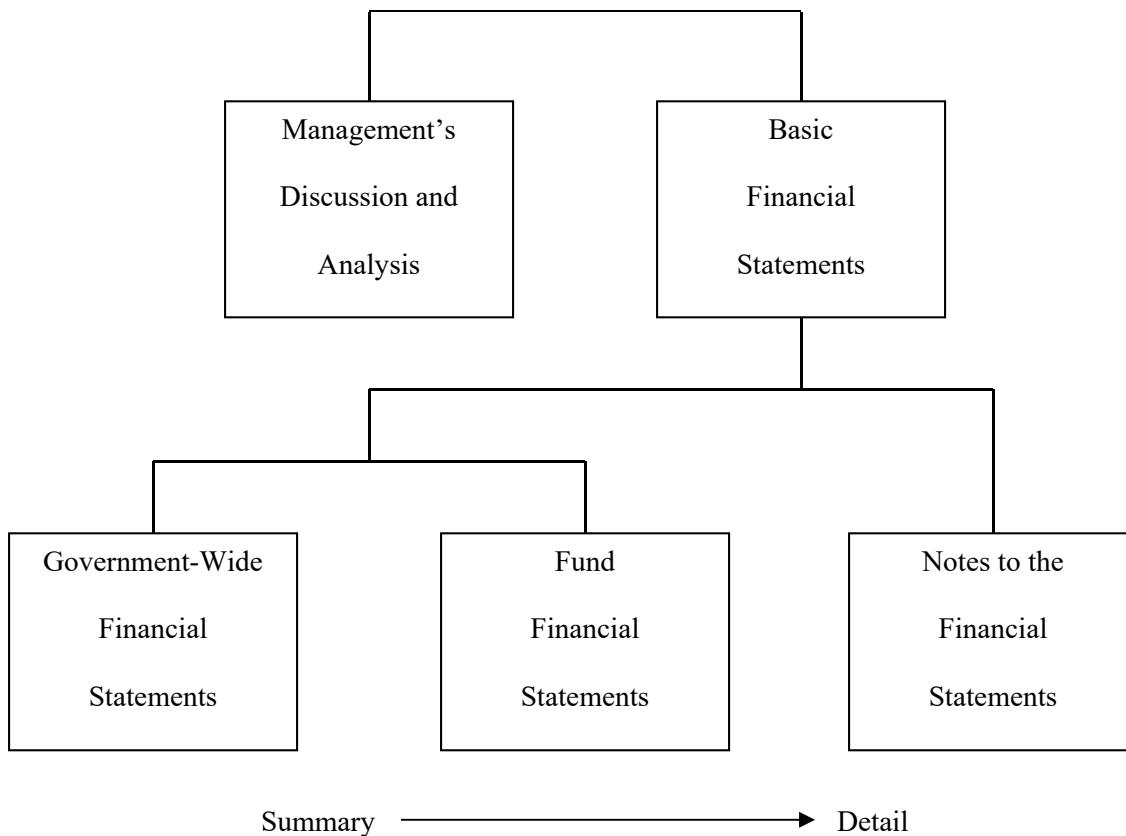
- The assets and deferred outflows of resources of Lincoln County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$72,112,898 (*net position*).
- Current year expansion of the water treatment plant and current year construction of the new Health Department facility were the primary factors contributing to the increase in the government's total net position of \$14,105,163.
- At the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$36,702,609, an increase of \$3,174,352, in comparison with the prior year amount. This increase was primarily due to the increase in sales tax revenue in Fiscal Year 2017. Approximately 36.13% of this total amount, or \$13,261,178, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$24,512,423, or 27.02%, of total General Fund expenditures for the fiscal year.
- Lincoln County's total debt increased by \$10,545,374, or 7.53%, during the current fiscal year. The key factor in this increase were the increase in net pension liability and the restatement of total pension liability (LEOSSA).
- 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 but there will be no tax levy assessed since all debt was paid off in Fiscal Year 2017.
- 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 units. 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. Lincoln Community Friends, a 501(c)(3) corporation, was founded to obtain grants for Lincoln County. Lincoln Community Friends is made up of a nine-member Board, all of whom are appointed by the County Commissioners.

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.

**Interdependence with Other Entities.** The County depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

## Lincoln County's Net Position

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets:</b>						
Current and other assets	\$ 46,577,086	\$ 42,064,112	\$ 24,361,227	\$ 17,573,767	\$ 70,938,313	\$ 59,637,879
Capital assets	67,148,038	63,293,806	81,757,926	79,039,852	148,905,964	142,333,658
Total assets	113,725,124	105,357,918	106,119,153	96,613,619	219,844,277	201,971,537
Deferred outflows of resources	8,466,459	2,694,549	1,133,055	262,816	9,599,514	2,957,365
<b>Liabilities:</b>						
Long-term liabilities outstanding	112,499,509	111,455,274	36,080,024	28,681,873	148,579,533	140,137,147
Other liabilities	6,721,972	3,654,777	1,280,633	741,403	8,002,605	4,396,180
Total liabilities	119,221,481	115,110,051	37,360,657	29,423,276	156,582,138	144,533,327
Deferred inflows of resources	689,122	1,224,060	59,633	149,459	748,755	1,373,519
<b>Net Position:</b>						
Net investment in capital assets	58,995,204	55,659,430	61,048,458	61,317,027	120,043,662	116,976,457
Restricted	12,339,420	8,895,232	-	-	12,339,420	8,895,232
Unrestricted	(69,053,644)	(72,836,306)	8,783,460	5,986,673	(60,270,184)	(66,849,633)
Total net position	<u>\$ 2,280,980</u>	<u>\$ (8,281,644)</u>	<u>\$ 69,831,918</u>	<u>\$ 67,303,700</u>	<u>\$ 72,112,898</u>	<u>\$ 59,022,056</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 \$72,112,898 as of June 30, 2017. The County's net position increased by \$14,105,163 for the fiscal year ended June 30, 2017. One of the largest portions, \$120,043,662, 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 98.5%
- 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	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 9,303,997	\$ 9,092,148	\$ 18,104,438	\$ 14,838,377	\$ 27,408,435	\$ 23,930,525
Operating grants and contributions	13,272,252	15,870,781	-	-	13,272,252	15,870,781
Capital grants and contributions	898,477	1,409,490	10,000	2,962,527	908,477	4,372,017
General revenues:						
Property taxes	60,610,716	59,381,739	23,339	875,860	60,634,055	60,257,599
Other taxes	20,521,162	17,056,409	-	-	20,521,162	17,056,409
Other	472,714	478,634	67,004	71,362	539,718	549,996
Total revenues	<u>105,079,318</u>	<u>103,289,201</u>	<u>18,204,781</u>	<u>18,748,126</u>	<u>123,284,099</u>	<u>122,037,327</u>
<b>Expenses:</b>						
General government	19,017,062	19,892,679	-	-	19,017,062	19,892,679
Public safety	29,972,508	27,812,079	-	-	29,972,508	27,812,079
Economic and physical development	1,850,463	1,569,081	-	-	1,850,463	1,569,081
Human services	17,149,240	17,080,572	-	-	17,149,240	17,080,572
Transportation	217,002	321,507	-	-	-	321,507
Cultural and recreational	2,133,169	1,498,480	-	-	2,133,169	1,498,480
Education	20,222,666	18,193,559	-	-	20,222,666	18,193,559
Interest on long-term debt	2,940,263	3,035,798	-	-	2,940,263	3,035,798
Solid waste	-	-	6,038,674	4,406,194	6,038,674	4,406,194
Water and sewer	-	-	9,637,889	8,649,467	9,637,889	8,649,467
Total expenses	<u>93,502,373</u>	<u>89,403,755</u>	<u>15,676,563</u>	<u>13,055,661</u>	<u>109,178,936</u>	<u>102,459,416</u>
Change in net position	<u>11,576,945</u>	<u>13,885,446</u>	<u>2,528,218</u>	<u>5,692,465</u>	<u>14,105,163</u>	<u>19,577,911</u>
<b>Net Position</b>						
Beginning of year - July 1	(8,281,644)	(22,167,090)	67,303,700	61,611,235	59,022,056	39,444,145
Prior period adjustment	(1,014,321)	-	-	-	(1,014,321)	-
Beginning net position, restated	<u>(9,295,965)</u>	<u>(22,167,090)</u>	<u>67,303,700</u>	<u>61,611,235</u>	<u>58,007,735</u>	<u>39,444,145</u>
End of year - June 30	<u>\$ 2,280,980</u>	<u>\$ (8,281,644)</u>	<u>\$ 69,831,918</u>	<u>\$ 67,303,700</u>	<u>\$ 72,112,898</u>	<u>\$ 59,022,056</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$11,576,945. The key elements of this increase in 2017 were increased revenues from sales taxes and restricted intergovernmental revenues. There were decreases in expenditures in general government, transportation, and debt service.

**Business-Type Activities.** Business-type activities increased Lincoln County's net position by \$2,528,218. 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 \$29,247,403, while total fund balance reached \$34,570,359. 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 32.24% of total General Fund expenditures, while total fund balance represents 38.11% of that same amount. This slight percentage increase is the result of increased revenues, primarily increase in sales taxes.

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 \$578,791, an increase of \$1,804,396. The increase is attributed to revenues and other financing sources exceeding expenditures and other financing uses.

At June 30, 2017, the governmental funds of Lincoln County reported a combined fund balance of \$36,702,609, a 9.47% increase from last year. A decrease in the School Capital Projects Fund was offset by increases in the General Capital Projects Fund, Capital Reserve Fund, and 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 \$4,108,092. The largest part of this increase, \$1,950,415, was to increase capital outlay expenditures for Building Maintenance and Public Schools. 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 (\$4,130,745), the Water and Sewer Fund equaled \$12,743,241, and those for the East Lincoln County Water and Sewer District equaled \$170,964. The total change in net position for the three funds was (\$1,378,977), \$3,023,788, and \$883,407, 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, 2017 totals \$148,905,964 (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:

- Construction of new Health Department building is nearing completion
- Construction of new water distribution lines
- Construction of sewer collection lines
- Improvements to buildings

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 6,878,034	\$ 6,846,974	\$ 1,469,075	\$ 1,459,075	\$ 8,347,109	\$ 8,306,049
Buildings and structures	32,076,790	31,921,739	32,362,534	30,802,452	64,439,324	62,724,191
Other improvements	9,724,459	7,540,475	6,287,667	4,254,177	16,012,126	11,794,652
Machinery and equipment	3,480,806	3,637,811	3,027,350	2,497,734	6,508,156	6,135,545
Infrastructure	-	-	35,826,568	36,851,978	35,826,568	36,851,978
Vehicles and other equipment	3,859,950	3,524,996	-	-	3,859,950	3,524,996
Construction in progress	11,127,999	9,821,811	2,784,732	3,174,436	13,912,731	12,996,247
Total	<u>\$67,148,038</u>	<u>\$ 63,293,806</u>	<u>\$ 81,757,926</u>	<u>\$ 79,039,852</u>	<u>\$ 148,905,964</u>	<u>\$ 142,333,658</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, 2017, Lincoln County had total bonded debt outstanding of \$61,235,000, 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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
General obligation bonds	<u>\$ 61,235,000</u>	<u>\$ 68,160,000</u>	<u>\$ _____ -</u>	<u>\$ 575,000</u>	<u>\$ 61,235,000</u>	<u>\$ 68,735,000</u>

Lincoln County's total bonded debt decreased by \$7,500,000, or 10.91%, 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 an 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 \$615,800,000. The County had \$13,500,000 in school bonds, authorized but un-issued, at June 30, 2017.

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.

- The County unemployment rate for 2016-2017 averaged approximately 3.7%, slightly lower than the State average of 4.1%.
- 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 61.1 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, 2018**

**Governmental Activities.** The County adopted a General Fund budget in the amount of \$98,739,155 for the fiscal year ended June 30, 2018, an increase of \$3,104,941, or 3.24%, from the fiscal year 2017 budget. The majority of the budget increases were in Public Safety expenses and School funding. The property tax levy remained at \$.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, and tap and capacity fees have increased due to the increase 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. Rates for landfill tipping fees have increased slightly, and availability fees have also increased to \$99 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, 2017

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units	
				Lincoln County ABC Board	Lincoln Community Friends
<b>Assets:</b>					
Cash and cash equivalents	\$ 36,108,971	\$ 20,816,628	\$ 56,925,599	\$ 82,719	\$ 12,911
Taxes receivable (net)	1,643,403	119,673	1,763,076	-	-
Accounts receivable (net)	2,628,163	1,568,490	4,196,653	-	-
Due from other governments	3,288,836	246,844	3,535,680	-	-
Inventories	-	-	-	366,126	-
Prepaid items	600,513	1,690	602,203	-	-
Cash and cash equivalents, restricted	2,139,703	1,607,902	3,747,605	-	-
Net pension asset	167,497	-	167,497	-	-
Capital assets, non-depreciable	18,006,033	4,253,807	22,259,840	308,381	-
Capital assets, depreciable, net	49,142,005	77,504,119	126,646,124	922,888	-
Total assets	<u>113,725,124</u>	<u>106,119,153</u>	<u>219,844,277</u>	<u>1,680,114</u>	<u>12,911</u>
<b>Deferred Outflows of Resources:</b>					
Contributions to pension plan in current fiscal year	1,911,460	278,442	2,189,902	-	-
Pension deferrals	5,764,423	854,613	6,619,036	27,426	-
Deferred charges, net	<u>790,576</u>	<u>-</u>	<u>790,576</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>8,466,459</u>	<u>1,133,055</u>	<u>9,599,514</u>	<u>27,426</u>	<u>-</u>
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	4,614,654	1,174,283	5,788,937	190,891	-
Prepaid fees	4,330	-	4,330	-	-
Liabilities to be paid from restricted assets:					
Customer deposits	-	106,350	106,350	-	-
Long-term liabilities:					
Net pension liability (LGERS)	8,847,731	1,322,076	10,169,807	18,889	-
Total pension liability (LEOSSA)	2,102,988	-	2,102,988	-	-
Due in less than one year	9,680,853	1,879,151	11,560,004	-	-
Due in more than one year	<u>93,970,925</u>	<u>32,878,797</u>	<u>126,849,722</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>119,221,481</u>	<u>37,360,657</u>	<u>156,582,138</u>	<u>209,780</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>					
Pension deferrals	458,794	59,633	518,427	662	-
Prepaid taxes	<u>230,328</u>	<u>-</u>	<u>230,328</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>689,122</u>	<u>59,633</u>	<u>748,755</u>	<u>662</u>	<u>-</u>
<b>Net Position:</b>					
Net investment in capital assets	58,995,204	61,048,458	120,043,662	1,231,269	-
Restricted for Stabilization by State statute	10,695,174	-	10,695,174	-	-
Restricted for Register of Deeds	46,429	-	46,429	-	-
Restricted for Register of Deeds' pension plan	206,373	-	206,373	-	-
Restricted for education	1,241,118	-	1,241,118	-	-
Restricted for public safety	150,326	-	150,326	-	-
Restricted for working capital	-	-	-	100,992	-
Unrestricted	<u>(69,053,644)</u>	<u>8,783,460</u>	<u>(60,270,184)</u>	<u>164,837</u>	<u>12,911</u>
Total net position	<u>\$ 2,280,980</u>	<u>\$ 69,831,918</u>	<u>\$ 72,112,898</u>	<u>\$ 1,497,098</u>	<u>\$ 12,911</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, 2017**

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</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	\$ 19,017,062	\$ 2,007,317	\$ 1,031,959	\$ 27,957
Public safety	29,972,508	5,824,386	940,929	-
Economic and physical development	1,850,463	-	30,330	-
Human services	17,149,240	1,381,443	11,146,419	-
Cultural and recreational	2,133,169	90,851	122,615	-
Transportation	217,002	-	-	-
Education	20,222,666	-	-	870,520
Debt service:				
Interest and fees	2,940,263	-	-	-
Total governmental activities	<u>93,502,373</u>	<u>9,303,997</u>	<u>13,272,252</u>	<u>898,477</u>
<b>Business-Type Activities:</b>				
Solid Waste	6,038,674	4,633,323	-	-
Water and Sewer	9,630,713	13,471,115	-	10,000
East Lincoln County Water and Sewer	7,176	-	-	-
Total business-type activities	<u>15,676,563</u>	<u>18,104,438</u>	<u>-</u>	<u>10,000</u>
Total primary government	<u>\$ 109,178,936</u>	<u>\$ 27,408,435</u>	<u>\$ 13,272,252</u>	<u>\$ 908,477</u>
<b>Component Unit:</b>				
Lincoln County ABC Board	\$ 3,217,795	\$ 3,406,841	\$ -	\$ -
Lincoln Community Friends	<u>17,774</u>	<u>-</u>	<u>20,094</u>	<u>-</u>
Total component unit	<u>\$ 3,235,569</u>	<u>\$ 3,406,841</u>	<u>\$ 20,094</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, 2017**

	<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Component Units</b>	
	<b>Primary Government</b>			<b>Lincoln County ABC Board</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Lincoln County Friends</b>	<b>Community Friends</b>
<b>Functions/Programs:</b>					
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General government	\$ (15,949,829)	\$ -	\$ (15,949,829)		
Public safety	(23,207,193)	-	(23,207,193)		
Economic and physical development	(1,820,133)	-	(1,820,133)		
Human services	(4,621,378)	-	(4,621,378)		
Cultural and recreational	(1,919,703)	-	(1,919,703)		
Transportation	(217,002)	-	(217,002)		
Education	(19,352,146)	-	(19,352,146)		
Debt service:					
Interest and fees	(2,940,263)	-	(2,940,263)		
Total governmental activities	<u>(70,027,647)</u>	<u>-</u>	<u>(70,027,647)</u>		
<b>Business-Type Activities:</b>					
Solid waste	-	(1,405,351)	(1,405,351)		
Water and sewer	-	3,850,402	3,850,402		
East Lincoln County water and sewer	-	(7,176)	(7,176)		
Total business-type activities	<u>-</u>	<u>2,437,875</u>	<u>2,437,875</u>		
Total primary government	<u>(70,027,647)</u>	<u>2,437,875</u>	<u>(67,589,772)</u>		
<b>Component Unit:</b>					
Lincoln County ABC Board				\$ 189,046	\$ -
Lincoln Community Friends				<u>-</u>	<u>2,320</u>
Total component unit				<u>189,046</u>	<u>2,320</u>
<b>General Revenues:</b>					
Ad valorem taxes	60,610,716	23,339	60,634,055	-	-
Local option sales tax	18,480,201	-	18,480,201	-	-
Utility franchise tax	223,349	-	223,349	-	-
Real estate transfer tax	1,380,914	-	1,380,914	-	-
Other taxes	436,698	-	436,698	-	-
Unrestricted intergovernmental	320,620	-	320,620	-	-
Investment earnings	152,094	67,004	219,098	812	-
Total general revenues	<u>81,604,592</u>	<u>90,343</u>	<u>81,694,935</u>	<u>812</u>	<u>-</u>
Change in net position	<u>11,576,945</u>	<u>2,528,218</u>	<u>14,105,163</u>	<u>189,858</u>	<u>2,320</u>
<b>Net Position:</b>					
Beginning of year - July 1	(8,281,644)	67,303,700	59,022,056	1,307,240	10,591
Restatement	<u>(1,014,321)</u>	<u>-</u>	<u>(1,014,321)</u>	<u>-</u>	<u>-</u>
Beginning net position, restated	<u>(9,295,965)</u>	<u>67,303,700</u>	<u>58,007,735</u>	<u>1,307,240</u>	<u>10,591</u>
End of year - June 30	<u>\$ 2,280,980</u>	<u>\$ 69,831,918</u>	<u>\$ 72,112,898</u>	<u>\$ 1,497,098</u>	<u>\$ 12,911</u>

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

**LINCOLN COUNTY, NORTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<b>Major Funds</b>		<b>Nonmajor Funds</b>		<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>General Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>	
<b>Assets:</b>					
Cash and cash equivalents	\$ 30,689,938	\$ 348,570	\$ 1,013,582	\$ 32,052,090	
Taxes receivable, net	1,370,868	-	272,535	1,643,403	
Accounts receivable, net	2,166,053	809	459,700	2,626,562	
Due from other governments	3,233,810	40,637	14,389	3,288,836	
Prepaid items	229,546	-	-	229,546	
Cash and cash equivalents, restricted	1,283,314	602,817	253,572	2,139,703	
Total assets	<u>\$ 38,973,529</u>	<u>\$ 992,833</u>	<u>\$ 2,013,778</u>	<u>\$ 41,980,140</u>	
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	\$ 2,488,528	\$ 414,042	\$ 187,784	\$ 3,090,354	
Prepaid fees	<u>4,330</u>	<u>-</u>	<u>-</u>	<u>4,330</u>	
Total liabilities	<u>2,492,858</u>	<u>414,042</u>	<u>187,784</u>	<u>3,094,684</u>	
<b>Deferred Inflows of Resources:</b>					
Unavailable taxes	1,370,868	-	272,535	1,643,403	
Prepaid taxes	230,328	-	-	230,328	
Unavailable revenue	<u>309,116</u>	<u>-</u>	<u>-</u>	<u>309,116</u>	
Total deferred inflows of resources	<u>1,910,312</u>	<u>-</u>	<u>272,535</u>	<u>2,182,847</u>	
<b>Fund Balances:</b>					
Non-spendable:					
Prepaid items	229,546	-	-	229,546	
Restricted:					
Stabilization for State statute	5,093,410	4,810,048	791,716	10,695,174	
Register of Deeds	<u>46,429</u>	<u>-</u>	<u>-</u>	<u>46,429</u>	
Education	1,283,314	-	253,572	1,536,886	
Public safety	-	602,817	150,326	753,143	
Committed	-	-	421,667	421,667	
Assigned	3,405,237	-	-	3,405,237	
Unassigned	<u>24,512,423</u>	<u>(4,834,074)</u>	<u>(63,822)</u>	<u>19,614,527</u>	
Total fund balances	<u>34,570,359</u>	<u>578,791</u>	<u>1,553,459</u>	<u>36,702,609</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,973,529</u>	<u>\$ 992,833</u>	<u>\$ 2,013,778</u>		

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

**LINCOLN COUNTY, NORTH CAROLINA**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.

67,148,038

Deferred charges related to advance refunding of long-term debt are not current financial resources and, therefore, are not reported in the funds.

<b>Nonmajor Funds</b>	<b>Total</b>
<b>Other Governmental Funds</b>	<b>Governmental Funds</b>

Deferred cost of refunding

\$ 1,116,957

Less accumulated amortization

(326,381)

790,576

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.

(103,651,778)

Total pension liability (LEOSSA)

(2,102,988)

Net pension asset - ROD

167,497

Net pension liability - LGERS

(8,847,731)

Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.

1,905,198

Benefit payments for LEOSSA are deferred outflows of resources on the Statement of Net Position.

39,971

Pension related deferrals

5,271,920

Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end.

1,952,519

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.

2,905,149

Net position of governmental activities, per Exhibit A

\$ 2,280,980

*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, 2017

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Ad valorem taxes	\$ 53,404,086	\$ -	\$ 7,239,433	\$ 60,643,519
Local option sales taxes	18,480,201	-	-	18,480,201
Other taxes and licenses	1,768,299	-	272,662	2,040,961
Unrestricted intergovernmental revenues	320,620	-	-	320,620
Restricted intergovernmental revenues	11,902,892	-	1,313,173	13,216,065
Permits and fees	2,785,238	-	-	2,785,238
Sales, service, and rents	5,743,361	-	-	5,743,361
Miscellaneous	893,374	27,957	-	921,331
Investment earnings	132,233	899	4,704	137,836
Total revenues	<u>95,430,304</u>	<u>28,856</u>	<u>8,829,972</u>	<u>104,289,132</u>
<b>Expenditures:</b>				
Current:				
General government	10,929,582	-	140	10,929,722
Public safety	24,644,343	-	7,760,083	32,404,426
Economic and physical development	1,807,485	-	-	1,807,485
Human services	18,644,959	-	-	18,644,959
Transportation	-	-	171,298	171,298
Cultural and recreational	2,104,571	-	79,090	2,183,661
Education	20,667,575	-	-	20,667,575
Capital outlay	-	4,272,465	215,529	4,487,994
Debt service:				
Principal repayments	8,846,700	-	-	8,846,700
Interest	3,059,430	-	-	3,059,430
Total expenditures	<u>90,704,645</u>	<u>4,272,465</u>	<u>8,226,140</u>	<u>103,203,250</u>
Revenues over (under) expenditures	<u>4,725,659</u>	<u>(4,243,609)</u>	<u>603,832</u>	<u>1,085,882</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	41,470	2,047,000	-	2,088,470
Transfers (out)	(5,490,270)	(1,437,267)	(600,000)	(7,527,537)
Transfers in	2,037,267	5,438,272	51,998	7,527,537
Total other financing sources (uses)	<u>(3,411,533)</u>	<u>6,048,005</u>	<u>(548,002)</u>	<u>2,088,470</u>
Net change in fund balances	1,314,126	1,804,396	55,830	3,174,352
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>33,256,233</u>	<u>(1,225,605)</u>	<u>1,497,629</u>	<u>33,528,257</u>
End of year - June 30	<u>\$ 34,570,359</u>	<u>\$ 578,791</u>	<u>\$ 1,553,459</u>	<u>\$ 36,702,609</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, 2017**

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)	\$ 3,174,352
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.	7,004,539
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(3,148,617)
Capital assets disposed of during the year not recognized on the modified accrual basis.	(1,690)
Expenses related to compensated absences, pension, net pension obligation, and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(2,755,332)
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	39,971
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.	119,167
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	(32,803)
Other fees for service	(21,606)
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.	8,846,700
The net revenue of certain activities of the Internal Service Fund is reported with governmental activities.	440,734
The issuance of long-term debt (e.g., bonds, leases) and the refunding of long-term debt provide current financial resources to governmental funds. The repayment of refunded long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, is reported in the Statement of Activities.	<u>(2,088,470)</u>
Change in net position of governmental activities	<u>\$ 11,576,945</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, 2017

	Budgeted Amounts			Variance with Final Budget Over/Under	
	Original	Final	Actual		
<b>Revenues:</b>					
Ad valorem taxes	\$ 51,510,000	\$ 51,736,150	\$ 53,404,086	\$ 1,667,936	
Local option sales taxes	15,584,990	15,648,827	18,480,201	2,831,374	
Other taxes and licenses	1,156,327	1,356,327	1,768,299	411,972	
Unrestricted intergovernmental revenues	305,000	305,000	320,620	15,620	
Restricted intergovernmental revenues	12,797,616	12,895,414	11,902,892	(992,522)	
Permits and fees	1,998,780	2,204,455	2,785,238	580,783	
Sales, service, and rents	5,480,000	5,587,208	5,743,361	156,153	
Miscellaneous	626,113	668,774	893,374	224,600	
Investment earnings	75,000	75,000	132,233	57,233	
Total revenues	<u>89,533,826</u>	<u>90,477,155</u>	<u>95,430,304</u>	<u>4,953,149</u>	
<b>Expenditures:</b>					
Current:					
General government	10,587,418	12,143,639	10,929,582	1,214,057	
Public safety	24,825,665	25,787,087	24,644,343	1,142,744	
Economic and physical development	1,797,806	1,990,698	1,807,485	183,213	
Human services	19,844,145	20,222,806	18,644,959	1,577,847	
Cultural and recreational	2,252,240	2,279,136	2,104,571	174,565	
Education	19,717,575	20,667,575	20,667,575	-	
Debt service:					
Principal	9,000,270	9,000,270	8,846,700	153,570	
Interest and fees	<u>3,326,045</u>	<u>3,368,045</u>	<u>3,059,430</u>	<u>308,615</u>	
Total expenditures	<u>91,351,164</u>	<u>95,459,256</u>	<u>90,704,645</u>	<u>4,754,611</u>	
Revenues over (under) expenditures	<u>(1,817,338)</u>	<u>(4,982,101)</u>	<u>4,725,659</u>	<u>9,707,760</u>	
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	-	42,000	41,470	(530)	
Transfers (out)	(4,283,050)	(5,490,270)	(5,490,270)	-	
Transfers in	600,000	2,037,267	2,037,267	-	
Fund balance appropriated	<u>5,500,388</u>	<u>8,393,104</u>	<u>-</u>	<u>(8,393,104)</u>	
Total other financing sources (uses)	<u>1,817,338</u>	<u>4,982,101</u>	<u>(3,411,533)</u>	<u>(8,393,634)</u>	
Net change in fund balance	\$ <u>_____</u> -	\$ <u>_____</u> -	1,314,126	\$ <u>1,314,126</u>	
<b>Fund Balance:</b>					
Beginning of year - July 1				33,256,233	
End of year - June 30				<u>\$ 34,570,359</u>	

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

## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	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	\$ 7,084,237	\$ 13,564,871	\$ 167,520	\$ 20,816,628	\$ 4,056,881	-
Taxes receivable, net	116,245	-	3,428	119,673	-	
Accounts receivable, net	187,483	1,380,991	16	1,568,490	1,601	
Due from other governments	108,599	138,245	-	246,844	-	
Prepaid items	490	1,200	-	1,690	370,967	
Cash and cash equivalents, restricted	983,468	624,434	-	1,607,902	-	
Total current assets	<u>8,480,522</u>	<u>15,709,741</u>	<u>170,964</u>	<u>24,361,227</u>	<u>4,429,449</u>	
Capital assets:						
Non-depreciable capital assets	640,648	3,613,159	-	4,253,807	-	
Depreciable capital assets, net	8,219,342	69,284,777	-	77,504,119	-	
Total non-current assets	<u>8,859,990</u>	<u>72,897,936</u>	<u>-</u>	<u>81,757,926</u>	<u>-</u>	
Total assets	<u>17,340,512</u>	<u>88,607,677</u>	<u>170,964</u>	<u>106,119,153</u>	<u>4,429,449</u>	
<b>Deferred Outflows of Resources:</b>						
Contributions to pension plan in current fiscal year	128,512	149,930	-	278,442	-	
Pension deferrals	394,437	460,176	-	854,613	-	
Total deferred outflows of resources	<u>522,949</u>	<u>610,106</u>	<u>-</u>	<u>1,133,055</u>	<u>-</u>	
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and other accrued liabilities	374,927	799,356	-	1,174,283	1,524,300	
Current portion of compensated absences	25,000	31,000	-	56,000	-	
Current portion of long-term debt	288,338	1,534,813	-	1,823,151	-	
Liabilities to be paid from restricted assets:						
Customer deposits	-	106,350	-	106,350	-	
Total current liabilities	<u>688,265</u>	<u>2,471,519</u>	<u>-</u>	<u>3,159,784</u>	<u>1,524,300</u>	
Non-current liabilities:						
Net pension liability	610,189	711,887	-	1,322,076	-	
Accrued landfill closure/post-closure care costs	9,842,088	-	-	9,842,088	-	
Compensated absences	47,190	60,755	-	107,945	-	
Other post-employment benefits	1,223,831	1,317,064	-	2,540,895	-	
Long-term debt	3,536,480	16,851,389	-	20,387,869	-	
Total non-current liabilities	<u>15,259,778</u>	<u>18,941,095</u>	<u>-</u>	<u>34,200,873</u>	<u>-</u>	
Total liabilities	<u>15,948,043</u>	<u>21,412,614</u>	<u>-</u>	<u>37,360,657</u>	<u>1,524,300</u>	
<b>Deferred Inflows of Resources:</b>						
Pension deferrals	<u>27,523</u>	<u>32,110</u>	<u>-</u>	<u>59,633</u>	<u>-</u>	
<b>Net Position:</b>						
Net investment in capital assets	6,018,640	55,029,818	-	61,048,458	-	
Unrestricted	(4,130,745)	12,743,241	170,964	8,783,460	2,905,149	
Total net position	<u>\$ 1,887,895</u>	<u>\$ 67,773,059</u>	<u>\$ 170,964</u>	<u>\$ 69,831,918</u>	<u>\$ 2,905,149</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, 2017**

	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	\$ 892,250	\$ 13,013,052	\$ -	\$ 13,905,302	\$ -	-
Water and sewer taps	-	442,755	-	442,755	-	-
Other operating revenues	-	15,000	-	15,000	8,071,962	
Total operating revenues	<u>892,250</u>	<u>13,470,807</u>	<u>-</u>	<u>14,363,057</u>	<u>8,071,962</u>	
<b>Operating Expenses:</b>						
Water treatment and distribution	-	4,416,406	-	4,416,406	-	-
Sewage collection	-	1,491,010	-	1,491,010	-	-
Pumping station	-	212,639	-	212,639	-	-
Landfill operations	3,480,640	-	-	3,480,640	-	-
Water and Sewer District	-	-	815	815	-	-
Landfill closure and post-closure costs	1,623,914	-	-	1,623,914	-	-
Other services	-	-	-	-	7,678,819	
Depreciation	850,107	3,036,317	-	3,886,424	-	-
Total operating expenses	<u>5,954,661</u>	<u>9,156,372</u>	<u>815</u>	<u>15,111,848</u>	<u>7,678,819</u>	
Operating income (loss)	<u>(5,062,411)</u>	<u>4,314,435</u>	<u>(815)</u>	<u>(748,791)</u>	<u>393,143</u>	
<b>Non-Operating Revenues (Expenses):</b>						
Ad valorem taxes	-	-	23,339	23,339	-	-
Availability fee	3,503,903	-	-	3,503,903	-	-
Investment earnings	26,374	40,400	230	67,004	14,258	
Loss on disposal of capital assets	-	(3,833)	-	(3,833)	-	-
White goods disposal tax	25,110	-	-	25,110	-	-
Tire disposal tax	108,980	-	-	108,980	-	-
Franchise fees	36,491	-	-	36,491	-	-
Solid waste disposal tax	59,046	-	-	59,046	-	-
NC electronics management fund distribution	6,038	-	-	6,038	-	-
Miscellaneous	1,505	308	-	1,813	33,333	
Interest and fees	(84,013)	(470,508)	(6,361)	(560,882)	-	-
Total non-operating revenues (expenses)	<u>3,683,434</u>	<u>(433,633)</u>	<u>17,208</u>	<u>3,267,009</u>	<u>47,591</u>	
Income (loss) before contributions	<u>(1,378,977)</u>	<u>3,880,802</u>	<u>16,393</u>	<u>2,518,218</u>	<u>440,734</u>	
Capital contributions	-	10,000	-	10,000	-	-
Transfers in	-	-	867,014	867,014	-	-
Transfers out	-	(867,014)	-	(867,014)	-	-
Change in net position	<u>(1,378,977)</u>	<u>3,023,788</u>	<u>883,407</u>	<u>2,528,218</u>	<u>440,734</u>	
<b>Net Position:</b>						
Beginning of year - July 1	<u>3,266,872</u>	<u>64,749,271</u>	<u>(712,443)</u>	<u>67,303,700</u>	<u>2,464,415</u>	
End of year - June 30	<u>\$ 1,887,895</u>	<u>\$ 67,773,059</u>	<u>\$ 170,964</u>	<u>\$ 69,831,918</u>	<u>\$ 2,905,149</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, 2017**

	<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	\$ 857,754	\$ 13,116,942	\$ -	\$ 13,974,696	\$ -	
Cash received from interfund services	-	-	-	-	8,071,481	
Cash received from other operating revenues	3,741,073	15,308	27,719	3,784,100	33,333	
Cash paid for goods and services	(1,281,298)	(4,389,122)	(4,812)	(5,675,232)	(7,752,485)	
Cash paid on behalf of employees	(1,833,236)	(1,374,172)	-	(3,207,408)	-	
Net cash provided (used) by operating activities	1,484,293	7,368,956	22,907	8,876,156	352,329	
<b>Non-Capital Financing Activities:</b>						
Transfers in (out)	-	(867,014)	867,014	-	-	
Loans (to) from other funds	(77,784)	(334,000)	-	(411,784)	-	
Net cash provided (used) by non-capital financing activities	(77,784)	(1,201,014)	867,014	(411,784)	-	
<b>Capital and Related Financing Activities:</b>						
Acquisition and construction of capital assets	(3,266,421)	(3,331,910)	-	(6,598,331)	-	
Debt issued	3,301,670	3,467,860	-	6,769,530	-	
Debt principal paid	(111,908)	(1,344,427)	(825,000)	(2,281,335)	-	
Interest and fees paid	(84,013)	(302,413)	(6,361)	(392,787)	-	
Net cash provided (used) by capital and related financing activities	(160,672)	(1,510,890)	(831,361)	(2,502,923)	-	
<b>Investing Activities:</b>						
Interest on investments	26,374	40,400	230	67,004	14,258	
Net increase (decrease) in cash and cash equivalents/investments	1,272,211	4,697,452	58,790	6,028,453	366,587	
<b>Cash and Cash Equivalents/Investments:</b>						
Beginning of year - July 1	6,795,494	9,491,853	108,730	16,396,077	3,690,294	
End of year - June 30	\$ 8,067,705	\$ 14,189,305	\$ 167,520	\$ 22,424,530	\$ 4,056,881	

*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, 2017**

	<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)			\$ (5,062,411)	\$ 4,314,435	\$ (815)	\$ (748,791)
						\$ 393,143
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Depreciation	850,107	3,036,317		3,886,424		-
Non-operating items	3,741,073	308	23,339	3,764,720		33,333
<b>Change in Assets and Liabilities:</b>						
(Increase) decrease in receivables	22,795	(338,865)	4,380	(311,690)		(481)
(Increase) decrease in due from other governments	(57,291)	15,262	-	(42,029)		-
(Increase) decrease in prepaids	2,109	4,387	-	6,496		-
(Increase) decrease in other assets	-	-	-	-		(88,802)
(Increase) decrease in deferred outflows - pension	(401,649)	(468,590)	-	(870,239)		-
Increase in net pension liability	480,026	560,030	-	1,040,056		-
Decrease in deferred inflows - pension	(41,458)	(48,368)	-	(89,826)		-
Increase (decrease) in accounts payable	215,730	192,622	(3,997)	404,355		15,136
Increase (decrease) in customer deposits	-	(33,220)	-	(33,220)		-
Increase (decrease) in landfill closure/post-closure care cost	1,623,914	-	-	1,623,914		-
Increase (decrease) in other post-employment benefits	109,845	136,000	-	245,845		-
Increase (decrease) in compensated absences payable	1,503	(1,362)	-	141		-
Total adjustments	<u>6,546,704</u>	<u>3,054,521</u>	<u>23,722</u>	<u>9,624,947</u>		<u>(40,814)</u>
Net cash provided (used) by operating activities	<u>\$ 1,484,293</u>	<u>\$ 7,368,956</u>	<u>\$ 22,907</u>	<u>\$ 8,876,156</u>		<u>\$ 352,329</u>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>						
Contributed depreciable assets, net of accumulated depreciation	\$ -	\$ 10,000	\$ -	\$ 10,000		\$ -

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

**LINCOLN COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**JUNE 30, 2017**

	<b>Agency Funds</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 403,108
Total assets	<u>\$ 403,108</u>
<b>Liabilities:</b>	
Intergovernmental payable	\$ 403,108
Total liabilities	<u>\$ 403,108</u>

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

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## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017**

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

The accounting policies of Lincoln County (the “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 units are reported in separate columns 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 Units**

###### **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 Units**

###### **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 Community Friends**

Lincoln Community Friends, a 501(c)(3) corporation, was founded to obtain grants for Lincoln County. Lincoln Community Friends is made up of a nine-member Board, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the entity with or without cause. Lincoln Community Friends does not issue separate financial statements.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017**

#### **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.

#### **B. Basis of Presentation**

*Government-Wide Statements:* The Statement of Net Position and the Statement of Activities display information about the primary government net position (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. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

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

*Fund Financial Statements:* The fund financial statements provide information about the County’s funds, including its fiduciary funds 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 of which is 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, result from non-exchange transactions. Other non-operating items, such as investment earnings, are ancillary activities.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

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, economic and physical development, human services, cultural and recreational, transportation, education, 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, the Emergency Telephone Systems Fund, and the Special Grants Fund.

**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: the 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.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

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, 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 a 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.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017**

*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 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-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, Capital Reserve Fund, 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.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017**

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 the Workers' Compensation Insurance Fund, intra-governmental service funds, operate under a financial plan that was adopted by the governing board at the time the County'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.

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).

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

The County's investments are carried at fair value as determined by quoted market prices. The NC Capital Management Trust Government Portfolio, an SEC-registered 2a-7 external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

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, 2016. 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	\$ 1,241,118
General Fund	Unexpended proceeds	42,196
General Capital Projects Fund	Unexpended proceeds	602,817
School Capital Projects Fund	Unexpended proceeds	253,572
Solid Waste Fund	Unexpended proceeds	983,468
Water and Sewer Fund	Unexpended proceeds	518,084
Water and Sewer Fund	Customer deposits	<u>106,350</u>
Total restricted cash		<u>\$ 3,747,605</u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

*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 received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

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:

<u>Asset</u>	<u>Years</u>
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 criteria – a charge on refunding, contributions made to the pension plan in the current fiscal year, and pension related deferrals.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

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 criteria for this category – prepaid taxes, property taxes receivable, health department receivables, ambulance receivables, and other pension related deferrals.

*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, 2017

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.

*Prepaid items* – 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 prepaids was \$229,546 at June 30, 2017.

**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, 2017 is as follows:

<b>Purpose</b>	<b>General</b>	<b>Capital</b>	<b>Other</b>	<b>Governmental Funds</b>	<b>Total</b>
	<b>General Fund</b>	<b>Projects Fund</b>	<b>Governmental Funds</b>		
<b>Restricted, All Other:</b>					
Stabilization by State statute	\$ 5,093,410	\$ 4,810,048	\$ 791,716	\$ 10,695,174	
Register of Deeds	46,429	-	-		46,429
Public safety	-	602,817	150,326		753,143
Education	1,283,314	-	253,572		1,536,886
<b>Total</b>	<b>\$ 6,423,153</b>	<b>\$ 5,412,865</b>	<b>\$ 1,195,614</b>		<b>\$ 13,031,632</b>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$898,585 and Register of Deeds' Pension Plan of \$206,373 for a net difference of \$47,199.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

**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.

*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, 2017 is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Future capital projects	\$ <u>421,667</u>

**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 the Finance Director, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

*Subsequent Year's Expenditures* – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager to make certain modifications utilizing a contingency line item without requiring Board approval.

Assigned fund balance at June 30, 2017 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Subsequent year's expenditures	\$ <u>3,405,237</u>

**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, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017**

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	\$ 34,570,359
<b>Less:</b>	
Prepays	(229,546)
Stabilization by State statute	<u>(5,093,410)</u>
Fund balance available for appropriation	<u>\$ 29,247,403</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<b>General Fund</b>	
Encumbrances	\$ <u>2,663</u>
<b>General Capital Projects Fund</b>	
Encumbrances	\$ <u>4,768,602</u>
<b>Emergency Telephone Systems Fund</b>	
Encumbrances	\$ <u>317,627</u>

*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.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

*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.

*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:

Workers' Compensation Fund	\$ <u>(351,176)</u>
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**Corrective Action Plan.** The deficit in the Workers' Compensation Fund will be eliminated with future transfers.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017**

#### **B. Non-Compliance 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, 2017, are as follows:

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

Governing Body	\$ 8,449
County Manager	509
Finance	24,048
Register of Deeds	53,406
District Court	6,721
Emergency Management	8,775
Emergency Management - Beatties Ford	637
Planning	497
Animal Control	3,667
Soil and Water Conservation	413
Maternal Health	17,286
Home Health Services	1,443
Child Service Coordination	691
Peer Counselor	2,427
Women, Infants, and Children	20,379
Day Care Grant	247
Nutrition	10,998
Environmental Health	9,439
Health Promotion	176
Bioterrorism	483
Contracted Services	19,035
Adolescent Parenting	78
Child Support Enforcement	14,318
Food and Nutrition - Fraud	2,497
Senior Services	23,357

##### **Special Revenue Funds:**

Emergency Telephone System Fund:	
Other operating expenditures	69,923
Telephone	9,699

##### **Law Enforcement Fund:**

Public Safety	1,413
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##### **Enterprise Funds:**

East Lincoln County Water and Sewer District Fund:	
Other operating costs	815

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

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

#### 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 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, 2017, the carrying amount of the County's deposits with banks was \$19,295,118. Balances with banks equaled \$20,349,680. Of the bank balances, \$1,000,000 was covered by federal depository insurance and \$19,349,680 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 \$4,981.

##### B. Investments

At June 30, 2017, the County's investments consisted of the following:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months
NC Capital Management Trust -				
Government Portfolio	Amortized Cost	\$ 23,839,190	N/A	N/A
NC Capital Management Trust -				
Term Portfolio*	Fair Value - Level 1	807,699	\$ 807,699	\$ -
US government agencies	Fair Value - Level 2	<u>17,129,324</u>	<u>17,129,324</u>	<u>-</u>
Total investments		<u>\$ 41,776,213</u>	<u>\$ 17,937,023</u>	<u>\$ -</u>

\*Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

*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 Government Portfolio carried a rating of AAAm by Standard & Poor's as of June 30, 2017. 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 G.S. 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.

#### **Note 4. Receivables**

##### **A. Detail**

Receivables at the government-wide level at June 30, 2017 were as follows:

	Due from			
	Accounts	Taxes	Other Governments	Total
<b>Governmental Activities:</b>				
General	\$ 2,949,348	\$ 2,112,243	\$ 3,233,810	\$ 8,295,401
Other governmental	462,110	273,218	55,026	790,354
Total receivables	3,411,458	2,385,461	3,288,836	9,085,755
Allowance for doubtful accounts	(783,295)	(742,058)	-	(1,525,353)
<b>Total governmental activities</b>	<b>\$ 2,628,163</b>	<b>\$ 1,643,403</b>	<b>\$ 3,288,836</b>	<b>\$ 7,560,402</b>
<b>Business-Type Activities:</b>				
Solid Waste	\$ 187,483	\$ 234,028	\$ 108,599	\$ 530,110
East Lincoln County Water and Sewer District Fund	16	12,455	-	12,471
Water and Sewer	1,524,097	-	138,245	1,662,342
Total receivables	1,711,596	246,483	246,844	2,204,923
Allowance for doubtful accounts	(143,106)	(126,810)	-	(269,916)
<b>Total business-type activities</b>	<b>\$ 1,568,490</b>	<b>\$ 119,673</b>	<b>\$ 246,844</b>	<b>\$ 1,935,007</b>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

Due from other governments consisted of the following:

Local option sales tax	\$ 3,338,860
Refundable sales tax	187,725
Other governmental agencies	9,095
Total due from other government agencies	<u><u>\$ 3,535,680</u></u>

#### Deferred Outflows and Inflows of Resources

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

	<u><u>Deferred Inflows</u></u>
Taxes receivable, net	
(General Fund and Special Revenue Fund)	\$ 1,643,403
Prepaid taxes not yet earned	230,328
Ambulance receivables, net (General Fund)	239,315
Grant receivables, net (General Fund)	37,150
Health department receivables, net (General Fund)	32,651
Pension deferrals	<u>518,427</u>
Total	<u><u>\$ 2,701,274</u></u>

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

	<u><u>Deferred Outflows</u></u>
Deferred charges	\$ 790,576
Contributions to pension plan in the current fiscal year (LGERS, ROD)	2,149,931
Benefit payments paid subsequent to the measurement date (LEOSSA)	39,971
Pension deferrals	<u>6,619,036</u>
Total	<u><u>\$ 9,599,514</u></u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

#### B. 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.

Year Levied	Tax	Interest	Total
2014	\$ 1,967,594	\$ 467,305	\$ 2,434,899
2015	1,886,106	278,201	2,164,307
2016	1,921,396	110,481	2,031,877
2017	1,963,169	-	1,963,169
Total	<u>\$ 7,738,265</u>	<u>\$ 855,987</u>	<u>\$ 8,594,252</u>

#### Note 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 6,846,974	\$ 31,060	\$ -	\$ -	\$ 6,878,034
Construction in progress	<u>9,821,811</u>	<u>4,272,464</u>	<u>(1,690)</u>	<u>(2,964,586)</u>	<u>11,127,999</u>
Total non-depreciable assets	<u>16,668,785</u>	<u>4,303,524</u>	<u>(1,690)</u>	<u>(2,964,586)</u>	<u>18,006,033</u>
<b>Depreciable Assets:</b>					
Buildings	43,934,000	763,843	-	318,500	45,016,343
Other improvements	10,743,575	20,619	-	2,619,854	13,384,048
Equipment	11,092,790	545,405	-	26,232	11,664,427
Vehicles and other equipment	<u>11,356,160</u>	<u>1,371,148</u>	<u>-</u>	<u>-</u>	<u>12,727,308</u>
Total	<u>77,126,525</u>	<u>2,701,015</u>	<u>-</u>	<u>2,964,586</u>	<u>82,792,126</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	(12,012,261)	(927,292)	-	-	(12,939,553)
Other improvements	(3,203,100)	(456,489)	-	-	(3,659,589)
Equipment	(7,454,979)	(728,642)	-	-	(8,183,621)
Vehicles and other equipment	<u>(7,831,164)</u>	<u>(1,036,194)</u>	<u>-</u>	<u>-</u>	<u>(8,867,358)</u>
Total accumulated depreciation	<u>(30,501,504)</u>	<u>\$ (3,148,617)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,650,121)</u>
Capital assets, net	<u>\$ 63,293,806</u>				<u>\$ 67,148,038</u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Proprietary Capital Assets:</b>					
<b>Solid Waste Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 640,648	\$ -	\$ -	\$ -	\$ 640,648
<b>Depreciable Assets:</b>					
Buildings and structures	590,143	-	-	-	590,143
Improvements	12,206,213	2,537,981	-	-	14,744,194
Machinery, equipment, and vehicles	8,008,312	728,440	-	-	8,736,752
Total	<u>21,445,316</u>	<u>3,266,421</u>	<u>-</u>	<u>-</u>	<u>24,711,737</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and structures	(252,509)	(11,803)	-	-	(264,312)
Improvements	(8,592,476)	(463,093)	-	-	(9,055,569)
Machinery, equipment, and vehicles	(6,156,655)	(375,211)	-	-	(6,531,866)
Total accumulated depreciation	<u>(15,001,640)</u>	<u>\$ (850,107)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(15,851,747)</u>
Solid Waste Fund capital assets, net	<u>6,443,676</u>				<u>8,859,990</u>
	<u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Proprietary Capital Assets:</b>					
<b>Water and Sewer Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	818,427	\$ 10,000	\$ -	\$ -	828,427
Construction in progress	<u>3,174,436</u>	<u>2,647,329</u>	<u>(3,833)</u>	<u>(3,033,200)</u>	<u>2,784,732</u>
Total non-depreciable assets	<u>3,992,863</u>	<u>2,657,329</u>	<u>(3,833)</u>	<u>(3,033,200)</u>	<u>3,613,159</u>
<b>Depreciable Assets:</b>					
Buildings and structures	38,604,443	-	-	2,957,602	41,562,045
Improvements	938,198	-	-	-	938,198
Water lines	40,074,099	350,000	-	12,000	40,436,099
Sewer lines	17,238,734	-	-	75,598	17,314,332
Machinery, equipment, and vehicles	<u>4,087,060</u>	<u>334,581</u>	<u>-</u>	<u>(12,000)</u>	<u>4,409,641</u>
Total	<u>100,942,534</u>	<u>684,581</u>	<u>-</u>	<u>3,033,200</u>	<u>104,660,315</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and structures	(8,139,625)	(1,385,717)	-	-	(9,525,342)
Improvements	(297,758)	(41,398)	-	-	(339,156)
Water lines	(15,534,408)	(981,023)	-	-	(16,515,431)
Sewer lines	(4,926,447)	(481,985)	-	-	(5,408,432)
Machinery, equipment, and vehicles	<u>(3,440,983)</u>	<u>(146,194)</u>	<u>-</u>	<u>-</u>	<u>(3,587,177)</u>
Total accumulated depreciation	<u>(32,339,221)</u>	<u>\$ (3,036,317)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(35,375,538)</u>
Water and Sewer Fund capital assets, net	<u>72,596,176</u>				<u>72,897,936</u>
Business type activities capital assets, net	<u>\$ 79,039,852</u>				<u>\$ 81,757,926</u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

Depreciation expense was charged to functions/programs as follows:

General government	\$ 913,090
Public safety	1,427,619
Economic and physical development	112,108
Transportation	217,002
Human services	128,964
Cultural and recreational	<u>349,834</u>
Total	<u>\$ 3,148,617</u>

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

Solid waste	\$ 850,107
Water and sewer	<u>3,036,317</u>
Total	<u>\$ 3,886,424</u>

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**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net	<u>\$ 67,148,038</u>	<u>\$ 81,757,926</u>
Long-term debt, gross	83,913,475	22,211,020
Debt for assets not owned by County (school debt)*	<u>(75,115,628)</u>	<u>-</u>
Capital debt, net	<u>8,797,847</u>	<u>22,211,020</u>
Unspent debt proceeds on non-school debt	<u>645,013</u>	<u>1,501,552</u>
Net investment in capital assets	<u>\$ 58,995,204</u>	<u>\$ 61,048,458</u>

\*Includes premium related to school debt

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

#### Note 6. Liabilities

##### A. Payables

Payables at the government-wide level at June 30, 2017 were as follows:

	Vendors	Salaries and Benefits	Insurance Claims		Accrued Interest	Total
			Incurred, But Not Reported			
<b>Governmental Activities:</b>						
General	\$ 1,894,583	\$ 593,945	\$ -	-	\$ -	\$ 2,488,528
General Capital Project Fund	414,042	-	-	-	-	414,042
Other governmental	187,784	-	-	-	-	187,784
Internal Service Fund	154,989	-	1,369,311	-	-	1,524,300
Total governmental activities	<u>\$ 2,651,398</u>	<u>\$ 593,945</u>	<u>\$ 1,369,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,614,654</u>
<b>Business-Type Activities:</b>						
Solid waste	\$ 276,082	\$ 29,344	\$ -	\$ 69,501	\$ 374,927	
Water and sewer	<u>596,370</u>	<u>34,891</u>	<u>-</u>	<u>168,095</u>	<u>-</u>	<u>799,356</u>
Total business-type activities	<u>\$ 872,452</u>	<u>\$ 64,235</u>	<u>\$ -</u>	<u>\$ 237,596</u>	<u>\$ -</u>	<u>\$ 1,174,283</u>

#### Construction Commitments

The government has active construction projects as of June 30, 2017. At June 30, 2017, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
County Services Design Center	\$ 1,789,259	\$ 4,443,253
West Lincoln Library	-	195,000
Optimist Club Convenience Site Project	-	235,817
PSAP Design	142,617	317,627
Water Treatment Plant Expansion	514,706	742,323
Lowesville Sewer Redirection	2,062,950	457,344
Wastewater Treatment Plant Expansion Design	49,400	140,600
Total	<u>\$ 4,558,932</u>	<u>\$ 6,531,964</u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

#### 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, 2017 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	\$ 8,155,000
\$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	14,790,000
\$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	235,000
\$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)	600,000
\$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)	200,000
\$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	12,865,000

**LINCOLN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2017**

**General Obligation Indebtedness (continued)**

\$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	6,400,000
\$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	10,415,000
\$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>7,575,000</u>
Total general obligation bonds	<u>\$ 61,235,000</u>

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017**

#### **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, 2017, 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

\$5,244,000 2015 School Refunding issued to refund the 2006 COPS; due in annual installments from \$968,000 to \$1,162,000 through June 1, 2020; interest at 1.38%; interest payments due December 1 and June 1 3,010,000

\$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 7,399,000

\$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 1 907,500

\$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% 586,158

\$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 1 158,613

\$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 4,892,001

\$8,858,000 Sewer, Solid Waste, and Building Refunding issued to refund various projects; due in annual installments from \$280,000 to \$646,000 through July 15, 2036; interest at 2.33%; interest payments due July 15 and January 15 2,088,470

Total governmental activities 21,041,742

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017**

#### **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	14,387
\$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	113,952
\$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	153,068
\$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	945,028
\$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	12,250,000
\$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%	1,441,907
\$8,858,000 Sewer, Solid Waste, and Building Refunding issued to refund various projects; due in annual installments from \$280,000 to \$646,000 through July 15, 2036; interest at 2.33%; interest payments due July 15 and January 15	<u>3,467,860</u>
Total Water and Sewer Fund	<u>18,386,202</u>

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

#### **Solid Waste Fund:**

\$400,000 Contract for equipment, due in monthly installments of \$7,593; interest at 1.86%, through November 23, 2019	215,149
\$385,000 Contract for land and vehicles, due in semi-annual installments of \$216,667; interest at 3.02%, through June 26, 2029	307,999
\$8,858,000 Sewer, Solid Waste, and Building Refunding issued to refund various projects; due in annual installments from \$280,000 to \$646,000 through July 15, 2036; interest at 2.33%; interest payments due July 15 and January 15	<u>3,301,670</u>
Total Solid Waste Fund	<u>3,824,818</u>
Total business-type activities	<u>22,211,020</u>
Total installment purchase contracts	<u>\$ 43,252,762</u>

#### **Note Payable**

**\$5,000,000 State Clean Water Loan.** In August 1995, the East Lincoln County Water and Sewer District Fund 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, 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 loan was paid off on May 1, 2017.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

**Changes in Long-Term Debt.** The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>	<b>Current Portion</b>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 68,160,000	\$ -	\$ 6,925,000	\$ 61,235,000	\$ 6,835,000
Premium on long-term debt	1,883,087	-	246,354	1,636,733	246,354
Installment purchases	20,874,972	2,088,470	1,921,700	21,041,742	1,999,499
Net pension liability (LGERS)	1,887,361	6,960,370	-	8,847,731	-
Total pension liability (LEOSSA)	948,192	1,154,796	-	2,102,988	-
Other post-employment benefits	16,032,636	2,763,636	829,998	17,966,274	-
Compensated absences	1,669,026	962,162	859,159	1,772,029	600,000
<b>Total</b>	<b><u>\$ 111,455,274</u></b>	<b><u>\$ 13,929,434</u></b>	<b><u>\$ 10,782,211</u></b>	<b><u>\$ 114,602,497</u></b>	<b><u>\$ 9,680,853</u></b>
<b>Business-Type Activities:</b>					
<b>Solid Waste Fund:</b>					
Installment purchases	\$ 635,056	\$ 3,301,670	\$ 111,908	\$ 3,824,818	\$ 288,338
Net pension liability (LGERS)	130,163	480,026	-	610,189	-
Compensated absences	70,687	28,567	27,064	72,190	25,000
Other post-employment benefits	1,113,986	156,995	47,150	1,223,831	-
Accrued landfill closure/ post-closure care costs	8,218,174	1,623,914	-	9,842,088	-
<b>Total</b>	<b><u>10,168,066</u></b>	<b><u>5,591,172</u></b>	<b><u>186,122</u></b>	<b><u>15,573,116</u></b>	<b><u>313,338</u></b>
<b>Water and Sewer Fund:</b>					
Installment purchases	16,262,769	3,467,860	1,344,427	18,386,202	1,534,813
Net pension liability (LGERS)	151,857	560,030	-	711,887	-
Compensated absences	93,117	54,832	56,194	91,755	31,000
Other post-employment benefits	1,181,064	194,377	58,377	1,317,064	-
<b>Total</b>	<b><u>17,688,807</u></b>	<b><u>4,277,099</u></b>	<b><u>1,458,998</u></b>	<b><u>20,506,908</u></b>	<b><u>1,565,813</u></b>
<b>East Lincoln Water and Sewer District Fund:</b>					
General obligation bonds	575,000	-	575,000	-	-
State bond loan	250,000	-	250,000	-	-
<b>Total</b>	<b><u>825,000</u></b>	<b><u>-</u></b>	<b><u>825,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total business-type activities</b>	<b><u>\$ 28,681,873</u></b>	<b><u>\$ 9,868,271</u></b>	<b><u>\$ 2,470,120</u></b>	<b><u>\$ 36,080,024</u></b>	<b><u>\$ 1,879,151</u></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 an FIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2017, Lincoln County had a legal debt margin of approximately \$615,800,000.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

**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 Activities:</b>										
2018	\$ 6,835,000	\$ 2,239,317	\$ -	\$ -	\$ 1,999,499	\$ 470,023	\$ 8,834,499	\$ 2,709,340		
2019	6,845,000	1,950,167	-	-	1,832,125	408,371	8,677,125	2,358,538		
2020	6,790,000	1,703,317	-	-	1,804,528	372,915	8,594,528	2,076,232		
2021	6,740,000	1,453,417	-	-	1,824,246	337,743	8,564,246	1,791,160		
2022	6,740,000	1,237,392	-	-	3,808,053	291,051	10,548,053	1,528,443		
2023-2027	24,110,000	3,121,517	-	-	8,169,086	806,715	32,279,086	3,928,232		
2028-2032	3,175,000	185,751	-	-	1,237,580	94,338	4,412,580	280,089		
2033-2037	-	-	-	-	366,625	21,630	366,625	21,630		
Total	<u>\$ 61,235,000</u>	<u>\$ 11,890,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,041,742</u>	<u>\$ 2,802,786</u>	<u>\$ 82,276,742</u>	<u>\$ 14,693,664</u>		
<b>Business-Type Activities:</b>										
2018	\$ -	\$ -	\$ -	\$ -	\$ 1,823,151	\$ 614,840	\$ 1,823,151	\$ 614,840		
2019	-	-	-	-	1,883,427	492,823	1,883,427	492,823		
2020	-	-	-	-	1,846,839	446,447	1,846,839	446,447		
2021	-	-	-	-	1,825,146	400,937	1,825,146	400,937		
2022	-	-	-	-	1,841,412	355,236	1,841,412	355,236		
2023-2027	-	-	-	-	7,150,089	1,196,007	7,150,089	1,196,007		
2028-2032	-	-	-	-	4,652,585	422,278	4,652,585	422,278		
2033-2037	-	-	-	-	1,188,371	70,114	1,188,371	70,114		
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,211,020</u>	<u>\$ 3,998,682</u>	<u>\$ 22,211,020</u>	<u>\$ 3,998,682</u>		

#### **Debt Related to Capital Activities**

Of the total governmental activities debt listed, only \$8,797,847 relates to assets to which the County holds title, while the remaining \$75,115,628 is related to assets owned and utilized by the school system. Unspent restricted cash related to the school debt amounts to \$253,572. Deferred charges of \$790,576 are related to school debt.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

#### **Advance Refunding**

On November 17, 2015, the County issued \$5,244,000 in installment debt for the purpose of an advance refunding of the Series 2006 Certificates of Participation in the amount of \$4,905,000. The proceeds were placed in an irrevocable trust to be used for all future debt service payments. As a result, the certificates of participation are considered to be defeased, and the liability has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$236,066. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next four years by \$218,811 and resulted in an economic gain of \$102,934.

#### **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, the State Treasurer, and the 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.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

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

**Contributions.** Contribution provisions are established by G.S. 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, 2017, was 8.00% of compensation for law enforcement officers and 7.25% 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 \$2,141,859 for the year ended June 30, 2017.

**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, 2017, the County reported a liability of \$10,169,807 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing updated procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County's proportion was 0.47918%, which was a decrease of 0.00420% from its proportion measured as of June 30, 2015.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

For the year ended June 30, 2017, the County recognized pension expense of \$2,757,150. At June 30, 2017, 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	\$ 191,073	\$ 356,361
Changes of assumptions	696,540	-
Net difference between projected and actual earnings on pension plan investments	5,622,622	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	63,710	102,347
County contributions subsequent to the measurement date	<u>2,141,859</u>	-
<b>Total</b>	<b><u>\$ 8,715,804</u></b>	<b><u>\$ 458,708</u></b>

\$2,141,859 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2018	\$ 938,174
2019	938,628
2020	2,642,192
2021	1,596,243
2022	-
Thereafter	<u>-</u>
<b>Total</b>	<b><u>\$ 6,115,237</u></b>

**Actuarial Assumptions.** The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u><u>100%</u></u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

**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.

*Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.25%) or one-percentage point higher (8.25%) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ <u>24,137,691</u>	\$ <u>10,169,807</u>	\$ <u>(1,497,212)</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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	108
Total	<u>116</u>

A separate report was not issued for the plan.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

**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. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

#### Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50 - 7.35%, including inflation and productivity factor
Discount rate	3.86%

The discount rate used to measure the TPL is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

**Deaths After Retirement (Healthy):** RP-2014 Healthy Annuitant rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

**Deaths Before Retirement:** RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

**Deaths After Retirement (Beneficiary):** RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

**Deaths After Retirement (Disabled):** RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

**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. There were no contributions made by employees. The County's obligation to contribute to this plan is established by statute and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$67,629 as benefits came due for the reporting period.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

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

At June 30, 2017, the County reported a total pension liability of \$2,102,988. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$185,907.

	<b>De fer red Outflows of Resources</b>	<b>De fer red Inflows of Resources</b>
Changes of assumptions	\$ -	\$ 45,432
County benefit payments and plan administrative expense made subsequent to the measurement date	39,971	-
<b>Total</b>	<b>\$ 39,971</b>	<b>\$ 45,432</b>

\$39,971, reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date, will be recognized as a decrease of the total pension liability in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2018	\$ 8,410
2019	8,410
2020	8,410
2021	8,410
2022	8,410
Thereafter	3,382
<b>Total</b>	<b>\$ 45,432</b>

\$39,971 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

*Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate.* The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.86 percent) or one-percentage-point higher (4.86 percent) than the current rate:

	1%	Discount	1%
	Decrease (2.86%)	Rate (3.86%)	Increase (4.86%)
Total pension liability	\$ 2,293,913	\$ 2,102,988	\$ 1,929,841

#### Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	<u>2017</u>
Beginning balance	\$ 2,030,142
Service cost	122,695
Interest on the total pension liability	71,269
Changes of assumptions or other inputs	(53,489)
Benefits payments	(67,629)
Ending balance of the total pension liability	<u>\$ 2,102,988</u>

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The County contributes to the Supplemental Retirement Income Plan (the "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.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

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. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 were \$281,743, which consisted of \$233,105 from the County and \$48,638 from the law enforcement officers. No amounts were forfeited.

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

**Plan Description.** The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, 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, the State Treasurer, and the 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).

**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 \$8,072 for the year ended June 30, 2017.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

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

At June 30, 2017, the County reported an asset of \$167,497 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County's proportion was 0.89590%, which was an increase of 0.05407% from its proportion measured as of June 30, 2015. For the year ended June 30, 2017, the County recognized pension expense of \$5,541. At June 30, 2017, 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	\$ 179	\$ 2,168
Changes of assumptions	44,625	-
Net difference between projected and actual earnings on pension plan investments	287	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	12,119
County contributions subsequent to the measurement date	<u>8,072</u>	-
<b>Total</b>	<b><u>\$ 53,163</u></b>	<b><u>\$ 14,287</u></b>

\$8,072, 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 ending June 30, 2018. 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>	
2018	\$ 11,590	
2019	14,692	
2020	6,397	
2021	(1,875)	
2022	-	
Thereafter	-	
<b>Total</b>	<b><u>\$ 30,804</u></b>	

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

**Actuarial Assumptions.** The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

*Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75%, 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 one-percentage-point lower (2.75%) or one-percentage point higher (4.75%) than the current rate:

	1% Decrease <u>(2.75%)</u>	Current Discount Rate <u>(3.75%)</u>	1% Increase <u>(4.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ <u>(135,057)</u>	\$ <u>(167,497)</u>	\$ <u>(194,751)</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.

#### 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, 2017

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

**Plan 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.

<b>Commencement of Service</b>	<b>Years of Creditable Service</b>	<b>County Contribution</b>
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

Currently, 130 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2017, the County made payments for post-retirement health benefit premiums of \$935,525. 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.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

**Plan Membership.** At June 30, 2016, the Plan membership consisted of the following:

	General Employees	Enforcement Officers	Law
Retirees and dependents receiving benefits	104		26
Terminated plan members entitled to, but not yet receiving, benefits		-	-
Active plan members	358		72
<b>Total</b>	<b>462</b>		<b>98</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 2016-2017, the County chose to fund the plan benefits on a pay-as-you-go basis.

The current annual required contribution (ARC) rate is 19.48% of annual covered payroll. For the current year, the County contributed \$935,525, or 5.36%, 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.

**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 No. 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.

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

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	\$ 3,017,395	\$ 383,637	\$ 3,401,032
Interest on net OPEB obligation	650,412	82,695	733,107
Adjustments to annual required contribution	<u>(904,171)</u>	<u>(114,960)</u>	<u>(1,019,131)</u>
Annual OPEB cost (expense)	2,763,636	351,372	3,115,008
Contributions made	<u>(829,998)</u>	<u>(105,527)</u>	<u>(935,525)</u>
Increase (decrease) in net OPEB obligation	1,933,638	245,845	2,179,483
Net OPEB obligation:			
Beginning of year - July 1	16,032,636	2,295,050	18,327,686
End of year - June 30	<u>\$ 17,966,274</u>	<u>\$ 2,540,895</u>	<u>\$ 20,507,169</u>

The County's annual OPEB cost, the percentage of OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2017 were as follows:

<b>For Year Ended June 30</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
2015	\$ 2,858,588	29.3%	\$ 15,973,667
2016	3,135,627	24.9%	18,327,686
2017	3,115,008	30.0%	20,507,169

**Funding Status and Funding Progress.** As of June 30, 2016, 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 \$40,176,371. The covered payroll (annual payroll of active employees covered by the plan) was \$17,459,427, and the ratio of the UAAL to the covered payroll was 230.1%. 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, 2017

**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 June 30, 2016 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 7.75% to 5.00%, and an annual post-Medicare medical trend increase of 5.75% to 5.00%. Both rates included a 3.00% 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 a closed basis. The remaining amortization period at June 30, 2016 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 \$9,842,088 reported as landfill closure and post-closure care liability at June 30, 2017, 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 \$8,464,502 to date based on the use of 72% of Phase I through III's estimated capacity. The C&D portion reported a cumulative amount of \$1,377,586 to date based on the use of 83% of estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$3,625,757 as the remaining estimated capacity is filled. Of this amount, \$3,349,179 is related to the remaining capacity in the sanitary landfill, and \$276,578 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 2017. 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, 2017**

#### **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 the 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 \$941,760 for claims incurred, but not reported, in the Health Benefits Fund and \$427,551 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, 2017

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

	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning	\$ 1,401,770	\$ 1,326,816
Incurred claims	6,253,168	150,285
Claim payments	(6,285,627)	(75,331)
Unpaid claims, ending	<u>\$ 1,369,311</u>	<u>\$ 1,401,770</u>

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

The transfers to/from other funds at June 30, 2017 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>
General Fund	General Capital Projects Fund	Annual transfer from General Fund to cover projects	\$ 5,438,272
General Fund	Special Grants Fund	County match for grant projects	51,998
Capital Reserve Fund	General Fund	Transfer for school monies from the lottery	600,000
General Capital Projects Fund	General Fund	To close projects	1,437,267
Water and Sewer Capital Projects Fund	Water and Sewer Fund	To close project	1,247,770
Water and Sewer Fund	East Lincoln Water and Sewer Fund	To close project	867,014
Water and Sewer Fund	Water and Sewer Capital Projects Fund	Annual transfer to project fund	1,735,867
Total			<u>\$ 11,378,188</u>

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

At June 30, 2017, 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.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017**

#### **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”). 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, 2017 provided \$394,589 in support of Partners’ services. This allocation includes \$10,000 to a local halfway house. The County does not have an equity interest in Partners; therefore, no equity interest has been reflected in the financial statements at June 30, 2017. Complete financial statements for Partners may be obtained from Partners’ administrative offices at 901 South New Hope Road, Gastonia, North Carolina 28054.

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 \$60,000 to the Airport during the fiscal year ended June 30, 2017. The participating governments do not have any equity interest in the

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017

joint venture, so no equity interest has been reflected in the financial statements at June 30, 2017. 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 50 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 \$19,248 to the Council during the fiscal year ended June 30, 2017.

The County's Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$170,000 for operations for the year ended June 30, 2017.

The County's Board of Commissioners appoints one of the Lake Norman Marine Commission Board of Directors. The County provided funding of \$27,000 for the year ended June 30, 2017.

#### 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.

	<b>Federal</b>	<b>State</b>
Children's Health Insurance Program - North Carolina Health Choice	\$ 1,744,102	\$ 7,963
Medical assistance program	59,556,864	31,236,731
Temporary Assistance to Needy Families	274,294	-
Chafee Foster Care Independence Program	39,142	-
SC/SA Domiciliary Care Payment	-	367,472
SFHF Maximization	-	23,254
SAA/SAD	-	19,125
Special Supplemental Food Program for Women, Infants, and Children (WIC)	1,010,628	-
IV-E foster care	142,934	33,205
F/C at Risk Maximum	-	12,945
Extended F/C Maximization Non Title IV-E	-	6,106
IV-E adoption subsidy and vendor	294,317	73,470
CWS Adoption Subsidy and vendor payments	-	298,887
State foster home	-	78,520
<b>Total</b>	<b>\$ 63,062,281</b>	<b>\$ 32,157,678</b>

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2017**

#### **Note 19. Subsequent Event**

The County issued a \$13,190,000 refunding of General Obligation Bonds on August 21, 2017. These funds will be used in the School Capital Projects Fund.

#### **Note 20. Change in Accounting Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ended June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$1,014,321.

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**LINCOLN COUNTY, NORTH CAROLINA****SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>2017</b>
Total pension liability	\$ 2,102,988
Covered payroll	4,574,742
Total pension liability as a percentage of covered payroll	45.97%

**Notes to the Schedule:**

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

**LINCOLN COUNTY, NORTH CAROLINA****SCHEDULE OF THE CHANGES IN TOTAL PENSION LIABILITY  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>2017</b>
Beginning balance	\$ 2,030,142
Service cost	122,695
Interest on the total pension liability	71,269
Changes of assumptions or other inputs	(53,489)
Benefit payments	(67,629)
Ending balance of the total pension liability	<u>\$ 2,102,988</u>

## LINCOLN COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial		Accrued Liability		Unfunded		UAAL as a % of Covered Payroll ((B-A)/C)	
	Actuarial Value of Assets (A)	(AAL) - Projected Unit Credit (B)	AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)			
12/31/2005	\$ -	\$ 29,316,366	\$ 29,316,366	0.00%	\$ 16,823,952			174.3%
12/31/2008	-	25,534,872	25,534,872	0.00%	23,588,521			108.3%
12/31/2010	-	29,753,423	29,753,423	0.00%	23,710,490			125.5%
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%
6/30/2016	-	40,176,371	40,176,371	0.00%	17,459,427			230.1%

## 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%
2016	3,401,032	27.14%
2017	3,401,032	27.51%

## 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	6/30/2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, closed
Remaining amortization period	30 years
Amortization factor	17.9837
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate:	
Pre-Medicare trend rate	7.50% - 5.00%
Post-Medicare trend rate	5.75% - 5.00%
Year of ultimate trend rate	2022
*Includes inflation at	
3.00%	

## LINCOLN COUNTY, NORTH CAROLINA

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

	<b>Local Government Employees' Retirement System</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Proportion of the net pension liability (asset) (%)	0.47918%	0.48338%	0.47701%	0.46080%
Proportion of the net pension liability (asset) (\$)	\$ 10,169,807	\$ 2,169,381	\$ (2,813,149)	\$ 5,554,409
Covered-employee payroll	\$ 28,375,873	\$ 26,371,714	\$ 26,134,922	\$ 23,251,657
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.84%	8.23%	-10.76%	23.89%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

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

Pension schedules are intended to show information for ten years.  
 That additional information will be added as it becomes available.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,141,859	\$ 1,925,926	\$ 1,892,547	\$ 1,847,353
Contributions in relation to the contractually required contribution	<u>2,141,859</u>	<u>1,925,926</u>	<u>1,892,547</u>	<u>1,847,353</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 28,920,587	\$ 28,375,873	\$ 26,371,714	\$ 26,134,922
Contributions as a percentage of covered-employee payroll	7.41%	6.79%	7.18%	7.07%

Pension schedules are intended to show information for ten years.  
That additional information will be added as it becomes available.

**LINCOLN COUNTY, NORTH CAROLINA**

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

**Register of Deeds' Supplemental Pension Fund**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Proportion of the net pension liability (asset) (%)	0.89590%	0.84183%	0.80800%	0.79900%
Proportion of the net pension liability (asset) (\$)	\$ (167,497)	\$ (195,086)	\$ (183,245)	\$ 170,709
Covered-employee payroll	\$ 74,522	\$ 70,339	\$ 68,058	\$ 67,613
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-224.76%	-277.35%	-269.25%	252.48%
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

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

Pension schedules are intended to show information for ten years. That additional information will be added as it becomes available.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,072	\$ 7,320	\$ 6,736	\$ 6,601
Contributions in relation to the contractually required contribution	<u>8,072</u>	<u>7,320</u>	<u>6,736</u>	<u>6,601</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 73,453	\$ 74,522	\$ 70,339	\$ 68,058
Contributions as a percentage of covered-employee payroll	10.99%	9.82%	9.58%	9.70%

Pension schedules are intended to show information for ten years.  
That additional information will be added as it becomes available.

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Ad Valorem Taxes</b>	\$ 51,736,150	\$ 53,404,086	\$ 1,667,936	\$ 52,162,535
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	6,103,740	7,223,841	1,120,101	6,580,882
Article 40 one-half of one percent	4,520,500	4,895,371	374,871	4,678,724
Article 42 one-half of one percent	3,450,750	3,934,652	483,902	3,599,353
Article 44 one-half of one percent	1,200,000	1,301,948	101,948	1,333
Medicaid hold harmless	373,837	1,124,389	750,552	599,706
<b>Total</b>	<b>15,648,827</b>	<b>18,480,201</b>	<b>2,831,374</b>	<b>15,459,998</b>
<b>Other Taxes and Licenses:</b>				
Real estate transfer tax	1,016,327	1,380,914	364,587	974,733
Local occupancy tax and car rental tax	110,000	164,036	54,036	148,452
Utility franchise tax	230,000	223,349	(6,651)	220,188
<b>Total</b>	<b>1,356,327</b>	<b>1,768,299</b>	<b>411,972</b>	<b>1,343,373</b>
<b>Unrestricted Intergovernmental Revenues:</b>				
Beer and wine tax	305,000	320,620	15,620	306,511
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants	12,563,414	11,528,828	(1,034,586)	12,128,459
Court facilities fees	100,000	105,252	5,252	107,143
ABC revenue	232,000	268,812	36,812	262,526
<b>Total</b>	<b>12,895,414</b>	<b>11,902,892</b>	<b>(992,522)</b>	<b>12,498,128</b>
<b>Permits and Fees:</b>				
Inspection department	1,629,610	2,119,107	489,497	1,721,630
Sheriff department	135,065	157,267	22,202	188,500
Soil and water conservation	-	(50)	(50)	-
Fire marshal	37,500	21,625	(15,875)	16,535
Register of Deeds	402,280	487,289	85,009	441,819
<b>Total</b>	<b>2,204,455</b>	<b>2,785,238</b>	<b>580,783</b>	<b>2,368,484</b>
<b>Sales and Services:</b>				
Rents, concessions, and fees	1,147,954	1,283,857	135,903	1,287,106
Ambulance fees	3,223,160	3,223,049	(111)	3,371,435
Animal control	70,000	56,876	(13,124)	71,002
Collection fees - special tax districts and City of Lincolnton	288,100	289,992	1,892	328,681
<b>Total</b>	<b>5,587,208</b>	<b>5,743,361</b>	<b>156,153</b>	<b>5,938,525</b>

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Investment Earnings</b>	75,000	132,233	57,233	147,178
<b>Miscellaneous:</b>				
Sale of property	75,000	140,460	65,460	72,276
Contributions	15,230	20,381	5,151	5,682
Indirect fees	440,000	455,808	15,808	411,784
Other	138,544	276,725	138,181	2,398,925
Total	668,774	893,374	224,600	2,888,667
 Total revenues	 90,477,155	 95,430,304	 4,953,149	 93,113,399
 <b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	124,061	120,593	3,468	128,716
Other operating expenditures	109,450	121,367	(11,917)	151,908
Total	233,511	241,960	(8,449)	280,624
 <b>County Manager:</b>				
Salaries and employee benefits	280,539	289,995	(9,456)	199,278
Other operating expenditures	35,759	26,812	8,947	22,985
Capital outlay	481	481	-	-
Total	316,779	317,288	(509)	222,263
 <b>Human Resources:</b>				
Salaries and employee benefits	235,184	241,125	(5,941)	207,431
Other operating expenditures	54,568	48,489	6,079	48,095
Total	289,752	289,614	138	255,526
 <b>Finance:</b>				
Salaries and employee benefits	600,146	619,046	(18,900)	559,676
Other operating expenditures	78,705	83,853	(5,148)	62,373
Total	678,851	702,899	(24,048)	622,049
 <b>Information Technology:</b>				
Salaries and employee benefits	547,037	514,973	32,064	503,065
Other operating expenditures	299,383	275,643	23,740	267,719
Capital outlay	22,254	51,680	(29,426)	6,869
Total	868,674	842,296	26,378	777,653

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Safety and Training:</b>				
Other operating expenditures	30,978	27,938	3,040	30,496
<b>Elections:</b>				
Salaries and employee benefits	383,675	331,545	52,130	349,442
Special compensation	9,800	9,300	500	7,860
Other operating expenditures	155,689	129,045	26,644	127,818
Capital outlay	30,000	-	30,000	196,620
Total	579,164	469,890	109,274	681,740
<b>Taxes:</b>				
Salaries and employee benefits	614,447	591,083	23,364	651,038
Other operating expenditures	530,182	455,084	75,098	434,663
Tax mapping	485,952	442,703	43,249	302,970
Tax revaluation	550,403	458,430	91,973	400,916
Total	2,180,984	1,947,300	233,684	1,789,587
<b>Legal:</b>				
Other operating expenditures	260,155	196,397	63,758	190,667
<b>Register of Deeds:</b>				
Salaries and employee benefits	457,472	449,845	7,627	435,249
Other operating expenditures	753,908	814,941	(61,033)	609,325
Total	1,211,380	1,264,786	(53,406)	1,044,574
<b>Central Services:</b>				
Salaries and employee benefits	909,000	857,258	51,742	707,769
Other operating expenditures	33,000	29,454	3,546	36,046
Total	942,000	886,712	55,288	743,815
<b>Building Maintenance:</b>				
Salaries and employee benefits	677,591	698,397	(20,806)	612,237
Other operating expenditures	1,407,175	1,091,443	315,732	836,374
Capital outlay	1,119,961	644,225	475,736	1,336,470
Total	3,204,727	2,434,065	770,662	2,785,081
<b>Grounds Maintenance:</b>				
Salaries and employee benefits	493,108	464,817	28,291	-
Other operating expenditures	170,807	180,456	(9,649)	-
Capital outlay	78,759	78,115	644	-
Total	742,674	723,388	19,286	-

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Public Buildings:</b>				
Salaries and employee benefits	-	6	(6)	5,848
Other operating expenditures	49,468	48,383	1,085	403,610
<b>Total</b>	<b>49,468</b>	<b>48,389</b>	<b>1,079</b>	<b>409,458</b>
<b>District Court:</b>				
Other operating expenditures	36,900	43,621	(6,721)	32,376
<b>Special Grants:</b>				
Forestry program	75,732	64,339	11,393	74,275
Lake Norman Marine Commission	87,000	97,000	(10,000)	93,900
Lake Norman RPO	10,000	10,000	-	-
Regional Council of Government	51,023	50,539	484	19,139
West/East Lincoln Rescue Squads	56,385	55,591	794	52,235
Miscellaneous grants	30,000	25,918	4,082	28,035
Airport Authority	60,000	60,000	-	60,000
Arts Council	7,268	7,268	-	7,268
Cultural Development Center	57,270	57,270	-	30,216
Gaston Family Health Services	17,500	17,500	-	17,500
Centralina COG	30,464	12,614	17,850	15,021
Historical Association	35,000	35,000	-	33,000
<b>Total</b>	<b>517,642</b>	<b>493,039</b>	<b>24,603</b>	<b>430,589</b>
<b>Total general government</b>	<b>12,143,639</b>	<b>10,929,582</b>	<b>1,214,057</b>	<b>10,296,498</b>
<b>Public Safety:</b>				
<b>Sheriff Department:</b>				
Salaries and employee benefits	7,857,824	7,693,415	164,409	7,317,367
Other operating expenditures	1,405,155	1,276,314	128,841	1,179,497
Capital outlay	583,835	525,564	58,271	394,005
<b>Total</b>	<b>9,846,814</b>	<b>9,495,293</b>	<b>351,521</b>	<b>8,890,869</b>
<b>Jail:</b>				
Salaries and employee benefits	2,345,336	2,272,402	72,934	2,226,289
Other operating expenditures	1,025,701	1,074,825	(49,124)	961,609
Capital outlay	38,200	12,276	25,924	37,211
<b>Total</b>	<b>3,409,237</b>	<b>3,359,503</b>	<b>49,734</b>	<b>3,225,109</b>
<b>Jail Commissary:</b>				
Other operating expenditures	178,289	69,820	108,469	34,708

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Communications:</b>				
Salaries and employee benefits	1,142,019	1,119,857	22,162	1,070,663
Other operating expenditures	239,845	228,325	11,520	244,246
Capital outlay	(30)	-	(30)	11,200
Total	1,381,834	1,348,182	33,652	1,326,109
<b>Emergency Management:</b>				
Salaries and employee benefits	109,123	103,169	5,954	95,026
Other operating expenditures	65,752	80,481	(14,729)	26,616
Total	174,875	183,650	(8,775)	121,642
<b>Emergency Management - Beatties Ford:</b>				
Other operating expenditures	46,884	47,521	(637)	52,499
<b>Emergency Management - Special Operations:</b>				
Other operating expenditures	22,000	18,940	3,060	16,094
<b>Ambulance Services:</b>				
Salaries and employee benefits	5,374,296	5,238,000	136,296	4,820,015
Other operating expenditures	1,058,760	1,089,743	(30,983)	1,047,135
Capital outlay	700,391	435,297	265,094	728,940
Total	7,133,447	6,763,040	370,407	6,596,090
<b>Fire:</b>				
Fire Marshal				
Salaries and employee benefits	223,720	179,978	43,742	217,182
Other operating expenditures	76,074	79,079	(3,005)	78,646
Capital outlay	45,654	45,285	369	34,359
Total	345,448	304,342	41,106	330,187
<b>Assistance to Local Volunteer Fire Departments:</b>				
Other operating expenditures	191,156	161,719	29,437	177,912
<b>Planning:</b>				
Salaries and employee benefits	415,912	404,404	11,508	600,430
Other operating expenditures	124,265	138,475	(14,210)	148,412
Capital outlay	2,205	-	2,205	43,377
Total	542,382	542,879	(497)	792,219

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Inspections:</b>				
Salaries and employee benefits	982,514	928,734	53,780	594,586
Other operating expenditures	155,552	61,543	94,009	34,101
Capital outlay	318,813	304,381	14,432	137,686
Total	1,456,879	1,294,658	162,221	766,373
<b>Medical Examiner:</b>				
Contracted services	58,700	51,987	6,713	55,274
<b>Animal Control:</b>				
Salaries and employee benefits	614,009	600,299	13,710	577,772
Other operating expenditures	340,003	360,871	(20,868)	287,836
Capital outlay	45,130	41,639	3,491	-
Total	999,142	1,002,809	(3,667)	865,608
Total public safety	25,787,087	24,644,343	1,142,744	23,250,693
<b>Economic and Physical Development:</b>				
<b>Cooperative Extension:</b>				
Salaries and employee benefits	54,322	52,230	2,092	25,287
Other operating expenditures	294,258	191,937	102,321	172,646
Total	348,580	244,167	104,413	197,933
<b>Economic Development Commission/Projects:</b>				
Other operating expenditures	1,237,700	1,164,224	73,476	1,029,547
<b>Soil and Water Conservation:</b>				
Salaries and employee benefits	131,782	133,167	(1,385)	130,847
Other operating expenditures	17,405	16,433	972	15,290
Total	149,187	149,600	(413)	146,137
<b>Natural Resources:</b>				
Salaries and employee benefits	150,021	148,894	1,127	99,047
Other operating expenditures	12,740	11,755	985	6,907
Total	162,761	160,649	2,112	105,954
<b>Community Development Block Grant:</b>				
Contracted services - CDBG Grant	92,470	88,845	3,625	34,285
Total economic and physical development	1,990,698	1,807,485	183,213	1,513,856

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration:</b>				
Salaries and employee benefits	880,515	869,844	10,671	888,693
Special compensation	1,040	640	400	880
Other operating expenditures	281,789	238,566	43,223	145,136
Total	1,163,344	1,109,050	54,294	1,034,709
<b>Immunization:</b>				
Salaries and employee benefits	63,698	64,132	(434)	61,928
Other operating expenditures	35,917	33,344	2,573	36,422
Total	99,615	97,476	2,139	98,350
<b>Adult Health:</b>				
Salaries and employee benefits	113,431	114,938	(1,507)	111,803
Other operating expenditures	4,745	1,777	2,968	3,235
Total	118,176	116,715	1,461	115,038
<b>Duke Discretionary:</b>				
Other operating expenditures	59,000	50,909	8,091	66,878
<b>BCCP - Health:</b>				
Salaries and employee benefits	9,690	5,354	4,336	4,274
Other operating expenditures	57,505	33,674	23,831	28,737
Total	67,195	39,028	28,167	33,011
<b>Communicable Disease:</b>				
Salaries and employee benefits	58,582	54,922	3,660	58,800
Other operating expenditures	11,406	8,654	2,752	8,593
Total	69,988	63,576	6,412	67,393
<b>Lab:</b>				
Salaries and employee benefits	108,571	92,162	16,409	100,067
Other operating expenditures	61,745	39,429	22,316	41,403
Total	170,316	131,591	38,725	141,470
<b>Family Planning:</b>				
Salaries and employee benefits	110,207	103,424	6,783	107,571
Other operating expenditures	39,225	32,856	6,369	27,387
Total	149,432	136,280	13,152	134,958

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Maternal Health:</b>				
Salaries and employee benefits	126,941	147,322	(20,381)	144,216
Other operating expenditures	7,552	3,607	3,945	3,912
Capital outlay	1,800	2,650	(850)	513
Total	136,293	153,579	(17,286)	148,641
<b>Child Health:</b>				
Salaries and employee benefits	126,381	127,463	(1,082)	124,471
Other operating expenditures	5,365	2,235	3,130	1,905
Total	131,746	129,698	2,048	126,376
<b>Home Health Services:</b>				
Salaries and employee benefits	-	-	-	72,174
Contracted services	-	-	-	625
Other operating expenditures	-	1,443	(1,443)	56,599
Total	-	1,443	(1,443)	129,398
<b>Maternal Health Clinic:</b>				
Salaries and employee benefits	98,143	80,095	18,048	77,839
Other operating expenditures	10,038	2,336	7,702	4,696
Total	108,181	82,431	25,750	82,535
<b>Child Service Coordination:</b>				
Salaries and employee benefits	128,583	131,746	(3,163)	120,196
Other operating expenditures	7,316	4,844	2,472	4,808
Total	135,899	136,590	(691)	125,004
<b>Peer Counselor:</b>				
Salaries and employee benefits	8,431	10,858	(2,427)	10,614
<b>Women, Infants, and Children:</b>				
Salaries and employee benefits	217,620	238,505	(20,885)	219,744
Other operating expenditures	18,829	18,323	506	11,490
Total	236,449	256,828	(20,379)	231,234
<b>Day Care Grant:</b>				
Salaries and employee benefits	54,500	55,087	(587)	53,803
Other operating expenditures	5,190	4,850	340	5,016
Total	59,690	59,937	(247)	58,819

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Nutrition:</b>				
Salaries and employee benefits	71,842	82,732	(10,890)	71,486
Other operating expenditures	779	887	(108)	80
Total	72,621	83,619	(10,998)	71,566
<b>Environmental Health:</b>				
Salaries and employee benefits	535,151	545,468	(10,317)	528,311
Other operating expenditures	67,485	65,973	1,512	62,271
Capital outlay	20,946	21,580	(634)	36,845
Total	623,582	633,021	(9,439)	627,427
<b>School Health:</b>				
Salaries and employee benefits	448,478	458,303	(9,825)	418,593
Other operating expenditures	41,568	25,667	15,901	23,824
Total	490,046	483,970	6,076	442,417
<b>Health Promotion:</b>				
Salaries and employee benefits	54,216	54,819	(603)	51,079
Other operating expenditures	5,675	5,248	427	5,397
Total	59,891	60,067	(176)	56,476
<b>Bioterrorism:</b>				
Salaries and employee benefits	62,897	63,665	(768)	62,048
Other operating expenditures	12,948	12,663	285	20,132
Total	75,845	76,328	(483)	82,180
<b>Contracted Services:</b>				
Salaries and employee benefits	494,838	528,532	(33,694)	469,920
Other operating expenditures	42,397	27,738	14,659	33,210
Total	537,235	556,270	(19,035)	503,130
<b>Other Health Programs:</b>				
Susan Komen	46,001	37,627	8,374	43,018
Total health	4,618,976	4,506,891	112,085	4,430,642
<b>Mental Health:</b>				
Other operating expenditures	394,589	394,589	-	384,589

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Social Services:</b>				
<b>Administration:</b>				
Salaries and employee benefits	888,469	848,847	39,622	821,369
Special compensation	1,200	840	360	880
Other operating expenditures	619,205	472,285	146,920	682,876
Capital outlay	58,800	79,097	(20,297)	-
Total	1,567,674	1,401,069	166,605	1,505,125
<b>Children's Services:</b>				
Salaries and employee benefits	2,413,977	2,306,973	107,004	2,258,798
Foster care	985,275	766,920	218,355	855,770
Other operating expenditures	135,467	92,916	42,551	68,434
Total	3,534,719	3,166,809	367,910	3,183,002
<b>Adolescent Parenting:</b>				
Salaries and employee benefits	59,510	59,796	(286)	58,462
Other operating expenditures	3,378	3,170	208	2,881
Total	62,888	62,966	(78)	61,343
<b>Adult Services:</b>				
Salaries and employee benefits	699,735	674,779	24,956	664,006
Long-term care, SD	418,243	383,877	34,366	394,853
Other operating expenditures	38,014	35,295	2,719	28,894
Total	1,155,992	1,093,951	62,041	1,087,753
<b>State In-Home Care:</b>				
Special compensation	8,562	8,562	-	7,620
<b>Office on Aging - HCCBG:</b>				
Special contracted services	223,964	207,480	16,484	222,889
<b>Child Support Enforcement:</b>				
Salaries and employee benefits	509,297	521,705	(12,408)	459,449
Other operating expenditures	25,154	27,064	(1,910)	18,937
Total	534,451	548,769	(14,318)	478,386
<b>CAP - Children:</b>				
Special contracted services	995	-	995	-

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>CAP - Disabled Adults:</b>				
Special contracted services	10,340	11,780	(1,440)	9,227
Other operating expenditures	130,000	117,292	12,708	126,369
Total	140,340	129,072	11,268	135,596
<b>TANF Program:</b>				
Salaries and employee benefits	373,952	359,983	13,969	347,564
Client travel reimbursement	800	150	650	160
Other operating expenditures	37,821	27,451	10,370	6,186
Total	412,573	387,584	24,989	353,910
<b>Family Medicaid:</b>				
Salaries and employee benefits	668,471	667,939	532	629,265
TANF emergency assistance	50,657	16,998	33,659	6,202
Total	719,128	684,937	34,191	635,467
<b>Adult Medicaid:</b>				
Salaries and employee benefits	788,330	711,952	76,378	701,725
Client transportation	450,000	97,117	352,883	571,855
Medicaid, SD	4,500	5,004	(504)	3,600
Other operating expenditures	4,323	3,316	1,007	3,738
Total	1,247,153	817,389	429,764	1,280,918
<b>Food and Nutrition:</b>				
Salaries and employee benefits	725,406	684,612	40,794	683,989
Other operating expenditures	575,770	507,658	68,112	520,568
Total	1,301,176	1,192,270	108,906	1,204,557
<b>Food and Nutrition - Fraud:</b>				
Special contracted services	49,303	52,060	(2,757)	48,251
Other operating expenditures	678	418	260	160
Total	49,981	52,478	(2,497)	48,411
<b>DSS - SHIIP</b>				
Other operating expenditures	3,182	3,024	158	4,982
Total social services	10,962,778	9,756,360	1,206,418	10,209,959

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Assistance Programs:</b>				
SA Blind	3,714	3,714	-	3,711
Child Daycare	2,200,463	2,016,853	183,610	2,287,911
Gaston skills	65,471	-	65,471	-
Total	2,269,648	2,020,567	249,081	2,291,622
<b>Veterans Service Office:</b>				
Salaries and employee benefits	105,311	108,439	(3,128)	106,806
Other operating expenditures	26,285	18,998	7,287	14,072
Total	131,596	127,437	4,159	120,878
<b>JCP Administration:</b>				
Administration	10,847	6,302	4,545	9,051
<b>JCP - Communities In Schools:</b>				
Communities in schools	27,749	27,749	-	27,749
<b>JCP - Savy Shepherd:</b>				
Savy Shepherd	1,796	1,796	-	4,306
<b>JCP Mediation:</b>				
Mediation	17,550	16,088	1,462	17,550
<b>JCP CIS - After School:</b>				
Other operating expenditures	62,059	62,059	-	59,059
<b>JCP FamiliFirst:</b>				
Other operating expenditures	22,005	15,219	6,786	22,847
<b>CIS/Restitution</b>				
Other operating expenditures	35,918	35,918	-	35,918
<b>Senior Services:</b>				
Salaries and employee benefits	246,833	255,054	(8,221)	224,654
Other operating expenditures	283,331	298,250	(14,919)	276,221
Capital outlay	2,719	2,936	(217)	14,376
Total	532,883	556,240	(23,357)	515,251

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

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

**IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2017**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Transportation TLC:</b>				
Salaries and employee benefits	806,652	787,159	19,493	705,932
Other operating expenditures	327,760	330,585	(2,825)	275,714
Capital outlay	-	-	-	51,035
Total	1,134,412	1,117,744	16,668	1,032,681
 Total human services	 20,222,806	 18,644,959	 1,577,847	 19,162,102
<b>Cultural and Recreational:</b>				
<b>Recreation:</b>				
Salaries and employee benefits	546,515	477,442	69,073	555,924
Contracted services	25,000	6,977	18,023	2,403
Other operating expenditures	289,341	269,722	19,619	314,525
Total	860,856	754,141	106,715	872,852
 <b>Recreation - Building and Grounds:</b>	 	 	 	 
Salaries and employee benefits	-	-	-	299,658
Other operating expenditures	-	-	-	62,392
Capital outlay	-	-	-	103,597
Total	-	-	-	465,647
 <b>Library:</b>	 	 	 	 
Salaries and employee benefits	849,457	801,694	47,763	775,968
Other operating expenditures	520,865	525,607	(4,742)	436,192
Books and magazines	10,609	10,609	-	8,557
Capital outlay	34,869	11,361	23,508	-
Total	1,415,800	1,349,271	66,529	1,220,717
 <b>Historical Properties:</b>	 	 	 	 
Other operating expenditures	2,480	1,159	1,321	317
 Total cultural and recreational	 2,279,136	 2,104,571	 174,565	 2,559,533
<b>Education:</b>				
Public schools - current expense	17,818,484	17,818,484	-	17,009,606
Public schools - capital outlay	2,679,091	2,679,091	-	1,729,091
Community college - current expense	170,000	170,000	-	170,000
Total education	20,667,575	20,667,575	-	18,908,697

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Debt Service:</b>				
Principal retirement	9,000,270	8,846,700	153,570	9,053,807
Interest and fees	3,368,045	3,059,430	308,615	3,213,983
Total debt service	12,368,315	11,906,130	462,185	12,267,790
 Total expenditures	 95,459,256	 90,704,645	 4,754,611	 87,959,169
 <b>Revenues over (under) expenditures</b>	 (4,982,101)	 4,725,659	 9,707,760	 5,154,230
 <b>Other Financing Sources (Uses):</b>				
Long-term debt issued	42,000	41,470	(530)	5,244,000
Payment to refunding bond escrow agent	-	-	-	(5,141,066)
Transfers out	(5,490,270)	(5,490,270)	-	(385,918)
Transfers in	2,037,267	2,037,267	-	1,222,851
Fund balance appropriated	8,393,104	-	(8,393,104)	-
Total other financing sources (uses)	4,982,101	(3,411,533)	(8,393,634)	939,867
 Net change in fund balance	 \$ -	 1,314,126	 \$ 1,314,126	 6,094,097
 <b>Fund Balance:</b>				
Beginning of year - July 1		33,256,233		27,162,136
 End of year - June 30	 \$ 34,570,359		 \$ 33,256,233	

## 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, 2017**

	<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>					
Restricted intergovernmental					
Federal and State grants	\$ 1,592,629	\$ 937,155	\$ -	\$ 4,644	\$ 932,511
Investment earnings	-	474	899	-	1,373
Contributions and donations	1,265,903	1,166,643	-	-	1,166,643
Miscellaneous	37,957	17,921	27,957	45,878	-
<b>Total revenues</b>	<b><u>2,896,489</u></b>	<b><u>2,122,193</u></b>	<b><u>28,856</u></b>	<b><u>50,522</u></b>	<b><u>2,100,527</u></b>
<b>Expenditures:</b>					
Capital outlay					
Land and buildings	212,942	-	-	-	-
Other improvements	93,447	26,391	-	26,231	160
Other equipment	4,663,828	1,549,507	81,376	1,690	1,629,193
Design	988,836	628,375	361,087	127,003	862,459
Construction	31,378,216	7,588,468	3,811,189	2,787,231	8,612,426
Miscellaneous	1,196,183	29,071	18,813	24,120	23,764
<b>Total expenditures</b>	<b><u>38,533,452</u></b>	<b><u>9,821,812</u></b>	<b><u>4,272,465</u></b>	<b><u>2,966,275</u></b>	<b><u>11,128,002</u></b>
Revenues over (under) expenditures	<b><u>(35,636,963)</u></b>	<b><u>(7,699,619)</u></b>	<b><u>(4,243,609)</u></b>	<b><u>(2,915,753)</u></b>	<b><u>(9,027,475)</u></b>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	27,315,364	4,895,005	2,047,000	2,600,000	4,342,005
Transfer to General Fund	(1,469,930)	(9,472)	(1,437,267)	(858,296)	(588,443)
Transfer from General Fund	9,791,529	1,588,481	5,438,272	1,174,049	5,852,704
<b>Total other financing sources (uses)</b>	<b><u>35,636,963</u></b>	<b><u>6,474,014</u></b>	<b><u>6,048,005</u></b>	<b><u>2,915,753</u></b>	<b><u>9,606,266</u></b>
Net change in fund balance	<b><u>\$ -</u></b>	<b><u>\$ (1,225,605)</u></b>	<b><u>1,804,396</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 578,791</u></b>
<b>Fund Balance:</b>					
Beginning of year - July 1				<b><u>(1,225,605)</u></b>	
End of year - June 30				<b><u>\$ 578,791</u></b>	

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**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<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>Special Grants Fund</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 19,740	\$ 54,186	\$ 71,772	\$ 432,282	\$ 48,193
Taxes receivable, net	272,535	-	-	-	-
Accounts receivable, net	63,822	16	23	185,089	23,640
Due from other governments	-	3,007	516	8,915	1,951
Cash and cash equivalents, restricted	-	-	-	-	-
Total assets	<u>\$ 356,097</u>	<u>\$ 57,209</u>	<u>\$ 72,311</u>	<u>\$ 626,286</u>	<u>\$ 73,784</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	\$ 83,562	\$ -	\$ -	\$ 90,287	\$ 13,935
<b>Deferred Inflows of Resources:</b>					
Unavailable taxes	<u>272,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Restricted:					
Stabilization for State statute	63,822	3,023	539	511,631	25,591
Restricted, all other	-	54,186	71,772	24,368	-
Committed	-	-	-	-	34,258
Assigned	-	-	-	-	-
Unassigned	<u>(63,822)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>57,209</u>	<u>72,311</u>	<u>535,999</u>	<u>59,849</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 356,097</u>	<u>\$ 57,209</u>	<u>\$ 72,311</u>	<u>\$ 626,286</u>	<u>\$ 73,784</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

<b>Capital Project Funds</b>			
	<b>School Capital Projects Fund</b>	<b>Capital Reserve Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ -	\$ 387,409	\$ 1,013,582
Taxes receivable, net	- -	- -	272,535
Accounts receivable, net	- -	187,110	459,700
Due from other governments	- -	- -	14,389
Cash and cash equivalents, restricted	<u>253,572</u>	- -	<u>253,572</u>
Total assets	<u>\$ 253,572</u>	<u>\$ 574,519</u>	<u>\$ 2,013,778</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and other accrued liabilities	\$ - -	\$ - -	\$ 187,784
<b>Deferred Inflows of Resources:</b>			
Unavailable taxes	- -	- -	272,535
<b>Fund Balances:</b>			
Restricted:			
Stabilization for State statute	- -	187,110	791,716
Restricted, all other	<u>253,572</u>	- -	403,898
Committed	- -	387,409	421,667
Assigned	- -	- -	- -
Unassigned	- -	- -	<u>(63,822)</u>
Total fund balances	<u>253,572</u>	<u>574,519</u>	<u>1,553,459</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 253,572</u>	<u>\$ 574,519</u>	<u>\$ 2,013,778</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<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>Special Grants Fund</b>
<b>Revenues:</b>					
Ad valorem taxes	\$ 7,239,433	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	272,662	-
Restricted intergovernmental revenue	-	26,298	2,628	179,463	234,264
Investment earnings	-	255	264	1,761	-
Total revenues	<u>7,239,433</u>	<u>26,553</u>	<u>2,892</u>	<u>453,886</u>	<u>234,264</u>
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	140
Public safety	7,239,433	46,711	7,394	466,545	-
Transportation	-	-	-	-	171,298
Culture and recreation	-	-	-	-	79,090
Capital outlay - schools	-	-	-	-	-
Total expenditures	<u>7,239,433</u>	<u>46,711</u>	<u>7,394</u>	<u>466,545</u>	<u>250,528</u>
Revenues over (under) expenditures	<u>-</u>	<u>(20,158)</u>	<u>(4,502)</u>	<u>(12,659)</u>	<u>(16,264)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	-	51,998
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,998</u>
Net change in fund balances	<u>-</u>	<u>(20,158)</u>	<u>(4,502)</u>	<u>(12,659)</u>	<u>35,734</u>
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>-</u>	<u>77,367</u>	<u>76,813</u>	<u>548,658</u>	<u>24,115</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 57,209</u>	<u>\$ 72,311</u>	<u>\$ 535,999</u>	<u>\$ 59,849</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Capital Project Funds</b>		
	<b>School Capital Projects Fund</b>	<b>Capital Reserve Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ -	\$ 7,239,433
Other taxes and licenses	-	-	272,662
Restricted intergovernmental revenue	-	870,520	1,313,173
Investment earnings	1,560	864	4,704
Total revenues	<u>1,560</u>	<u>871,384</u>	<u>8,829,972</u>
<b>Expenditures:</b>			
Current:			
General government	-	-	140
Public safety	-	-	7,760,083
Transportation	-	-	171,298
Culture and recreation	-	-	79,090
Capital outlay - schools	<u>215,529</u>	<u>-</u>	<u>215,529</u>
Total expenditures	<u>215,529</u>	<u>-</u>	<u>8,226,140</u>
Revenues over (under) expenditures	<u>(213,969)</u>	<u>871,384</u>	<u>603,832</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	51,998
Transfers out	-	(600,000)	(600,000)
Total other financing sources (uses)	<u>-</u>	<u>(600,000)</u>	<u>(548,002)</u>
Net change in fund balances	<u>(213,969)</u>	<u>271,384</u>	<u>55,830</u>
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>467,541</u>	<u>303,135</u>	<u>1,497,629</u>
End of year - June 30	<u>\$ 253,572</u>	<u>\$ 574,519</u>	<u>\$ 1,553,459</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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Over/Under	2016	
	Budget	Actual		Actual	Actual
<b>Revenues:</b>					
Ad valorem taxes	\$ 7,310,010	\$ 7,239,433	\$ (70,577)	\$ 6,940,996	
Total revenues	<u>7,310,010</u>	<u>7,239,433</u>	<u>(70,577)</u>	<u>6,940,996</u>	
<b>Expenditures:</b>					
Alexis Fire District	380,576	378,699	1,877	358,375	
Boger City Fire District	686,904	672,810	14,094	665,511	
Crouse Fire District	121,614	115,216	6,398	109,275	
Denver Fire District	2,118,619	2,112,845	5,774	2,008,352	
East Lincoln Fire District	1,939,801	1,928,152	11,649	1,825,636	
Howard's Creek Fire District	306,881	304,962	1,919	293,657	
North 321 Fire District	306,090	302,297	3,793	297,218	
North Brook Fire District	359,525	350,191	9,334	334,982	
Pumpkin Center Fire District	490,870	484,682	6,188	470,823	
South Fork Fire District	351,170	346,597	4,573	340,329	
Union Fire District	<u>247,960</u>	<u>242,982</u>	<u>4,978</u>	<u>236,838</u>	
Total expenditures	<u>7,310,010</u>	<u>7,239,433</u>	<u>70,577</u>	<u>6,940,996</u>	
Net change in fund balance	\$ <u>      </u>	<u>      </u>	<u>      </u>	\$ <u>      </u>	<u>      </u>
<b>Fund Balance:</b>					
Beginning of year - July 1					
End of year - June 30	\$ <u>      </u>	<u>      </u>	<u>      </u>	\$ <u>      </u>	<u>      </u>

## 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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Over/Under	2016	
	Budget	Actual		Actual	Actual
<b>Revenues:</b>					
Restricted intergovernmental	\$ 15,000	\$ 26,298	\$ 11,298	\$ 15,533	
Investment earnings	25	255	230	301	
Total revenues	<u>15,025</u>	<u>26,553</u>	<u>11,528</u>	<u>15,834</u>	
<b>Expenditures:</b>					
Public safety	45,298	46,711	(1,413)	774	
Total expenditures	<u>45,298</u>	<u>46,711</u>	<u>(1,413)</u>	<u>774</u>	
Revenues over (under) expenditures	(30,273)	(20,158)	10,115	15,060	
<b>Other Financing Sources (Uses):</b>					
Appropriated fund balance	30,273	-	(30,273)	-	
Net change in fund balance	\$ -	(20,158)	\$ (20,158)	15,060	
<b>Fund Balance:</b>					
Beginning of year - July 1		77,367		62,307	
End of year - June 30	\$ 57,209			\$ 77,367	

## 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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>Variance</b>	<b>2016</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Over/Under</b>		<b>Actual</b>
<b>Revenues:</b>					
Restricted intergovernmental revenue	\$ 10,000	\$ 2,628	\$ (7,372)	\$ 1,682	
Investment earnings	50	264	214	326	
Miscellaneous	-	-	-	1,711	
Total revenues	<u>10,050</u>	<u>2,892</u>	<u>(7,158)</u>	<u>3,719</u>	
<b>Expenditures:</b>					
Public safety	<u>10,050</u>	<u>7,394</u>	<u>2,656</u>	<u>2,151</u>	
Total expenditures	<u>10,050</u>	<u>7,394</u>	<u>2,656</u>	<u>2,151</u>	
Net change in fund balance	\$ -	(4,502)	\$ (4,502)	1,568	
<b>Fund Balance:</b>					
Beginning of year - July 1		<u>76,813</u>		<u>75,245</u>	
End of year - June 30	\$ 72,311		\$ 76,813		

## 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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>Variance</b>	<b>2016</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	\$ 223,500	\$ 272,662	\$ 49,162	\$ 253,038	
<b>Restricted Intergovernmental:</b>					
Wireless 911 funds	2,000,000	179,463	(1,820,537)	-	
Investment earnings	1,000	1,761	761	2,368	
Total revenues	<u>2,224,500</u>	<u>453,886</u>	<u>(1,770,614)</u>	<u>255,406</u>	
<b>Expenditures:</b>					
<b>Public Safety:</b>					
911 system subscriber fees	87,500	157,423	(69,923)	124,178	
Other operating expenditures	80,000	89,699	(9,699)	88,035	
Telephone	2,336,222	219,423	2,116,799	161,419	
Total expenditures	<u>2,503,722</u>	<u>466,545</u>	<u>2,037,177</u>	<u>373,632</u>	
Revenues over (under) expenditures	<u>(279,222)</u>	<u>(12,659)</u>	<u>266,563</u>	<u>(118,226)</u>	
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)	-	-	-	38,000	
Fund balance appropriated	279,222	-	(279,222)	-	
Total other financing sources (uses)	<u>279,222</u>	<u>-</u>	<u>(279,222)</u>	<u>38,000</u>	
Net change in fund balance	\$ -	(12,659)	\$ (12,659)	(80,226)	
<b>Fund Balance:</b>					
Beginning of year - July 1		548,658		628,884	
End of year - June 30	\$ 535,999		\$ 548,658		

## LINCOLN COUNTY, NORTH CAROLINA

**SPECIAL REVENUE - SPECIAL GRANTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>Variance</b>	<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Restricted intergovernmental revenue	\$ 735,252	\$ 234,264	\$ (500,988)	\$ 401,807
<b>Expenditures:</b>				
General government	27,476	140	27,336	23,074
Public safety	14,027	-	14,027	-
Transportation	629,541	171,298	458,243	321,507
Culture and recreation	146,456	79,090	67,366	63,361
Total expenditures	<u>817,500</u>	<u>250,528</u>	<u>566,972</u>	<u>407,942</u>
Revenues over (under) expenditures	(82,248)	(16,264)	65,984	(6,135)
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	<u>82,248</u>	<u>51,998</u>	<u>(30,250)</u>	<u>30,250</u>
Net change in fund balance	<u>\$ -</u>	<u>35,734</u>	<u>\$ 35,734</u>	<u>24,115</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		24,115		-
End of year - June 30		<u>\$ 59,849</u>		<u>\$ 24,115</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, 2017**

	<u>Actual</u>				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Closed Projects</u>	<u>Total to Date</u>
<b>Revenues:</b>					
Investment earnings	\$ 212,075	\$ 398,704	\$ 1,560	\$ 146,692	\$ 253,572
Total revenues	<u>212,075</u>	<u>398,704</u>	<u>1,560</u>	<u>146,692</u>	<u>253,572</u>
<b>Expenditures:</b>					
Education	37,634,195	37,408,819	215,529	37,624,348	-
Total expenditures	<u>37,634,195</u>	<u>37,408,819</u>	<u>215,529</u>	<u>37,624,348</u>	<u>-</u>
Revenues over (under) expenditures	<u>(37,422,120)</u>	<u>(37,010,115)</u>	<u>(213,969)</u>	<u>(37,477,656)</u>	<u>253,572</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	(2,980,719)	(3,072,542)	-	(3,072,542)	-
Transfer from General Fund	<u>625,000</u>	<u>625,000</u>	<u>-</u>	<u>625,000</u>	<u>-</u>
Total other financing sources (uses)	<u>37,422,120</u>	<u>37,477,656</u>	<u>-</u>	<u>37,477,656</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 467,541</u>	<u>(213,969)</u>	<u>\$ -</u>	<u>\$ 253,572</u>
<b>Fund Balance:</b>					
Beginning of year - July 1				467,541	
End of year - June 30				<u>\$ 253,572</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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>Variance</b> <b>Over/Under</b>	<b>2016</b>		
	<b>Budget</b>	<b>Actual</b>		<b>Actual</b>		
<b>Revenues:</b>						
<b>Restricted Intergovernmental:</b>						
Lottery proceeds	\$ 800,000	\$ 870,520	\$ 70,520	\$ 783,400		
Investment earnings	1,000	864	(136)	2,552		
Total revenues	<u>801,000</u>	<u>871,384</u>	<u>70,384</u>	<u>785,952</u>		
<b>Other Financing Sources (Uses):</b>						
Transfers out	<u>(801,000)</u>	<u>(600,000)</u>	<u>201,000</u>	<u>(1,222,851)</u>		
Net change in fund balance	<u>\$ -</u>	<u>271,384</u>	<u>\$ 271,384</u>	<u>(436,899)</u>		
<b>Fund Balance:</b>						
Beginning of year - July 1		<u>303,135</u>		<u>740,034</u>		
End of year - June 30	<u>\$ 574,519</u>			<u>\$ 303,135</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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</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	\$ 752,880	\$ 892,250	\$ 139,370	\$ 743,230
Other	2,000	-	(2,000)	25,000
Total operating revenues	<u>754,880</u>	<u>892,250</u>	<u>137,370</u>	<u>768,230</u>
<b>Non-Operating Revenues:</b>				
Availability fees	3,378,375	3,503,903	125,528	3,013,211
White goods disposal tax	-	25,110	25,110	6,566
Tire disposal tax	49,700	108,980	59,280	108,112
Franchise fees	35,000	36,491	1,491	35,000
Solid waste disposal tax	56,000	59,046	3,046	55,661
Federal and State grants	-	-	-	15,000
NC electronics management fund distribution	6,000	6,038	38	-
Miscellaneous	-	1,505	1,505	141,605
Investment earnings	9,000	26,374	17,374	29,772
Total non-operating revenues	<u>3,534,075</u>	<u>3,767,447</u>	<u>233,372</u>	<u>3,404,927</u>
Total revenues	<u>4,288,955</u>	<u>4,659,697</u>	<u>370,742</u>	<u>4,173,157</u>
<b>Expenditures:</b>				
<b>Landfill Operations:</b>				
Salaries and employee benefits	1,911,564	1,871,658	39,906	1,833,564
Other operating costs	1,686,253	1,460,715	225,538	1,318,585
Capital outlay	4,114,151	3,266,421	847,730	528,898
<b>Debt Service:</b>				
Principal	242,631	111,908	130,723	110,320
Interest	84,013	84,013	-	17,489
Bond Issuance Cost	64,890	-	64,890	-
Total expenditures	<u>8,103,502</u>	<u>6,794,715</u>	<u>1,308,787</u>	<u>3,808,856</u>
Revenues over (under) expenditures	<u>(3,814,547)</u>	<u>(2,135,018)</u>	<u>1,679,529</u>	<u>364,301</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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Other Financing Sources (Uses):</b>			
Long-term debt issued	3,301,000	3,301,670	670
Appropriated fund balance	513,547	-	(513,547)
Total other financing sources (uses)	<u>3,814,547</u>	<u>3,301,670</u>	<u>(512,877)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>                  -</u>	<u>1,166,652</u>	<u>\$ 1,166,652</u> <u>364,301</u>
Reconciling items:			
Debt principal	111,908		110,320
Long-term debt issued	(3,301,670)		-
Capital outlay added to capital assets	3,266,421		528,898
Depreciation	(850,107)		(870,738)
Decrease in net pension asset	-		(168,789)
Increase in deferred outflows of resources - pensions	401,649		82
Increase in net pension liability	(480,026)		(130,163)
Decrease in deferred inflows of resources - pensions	41,458		342,399
(Increase) decrease in compensated absences	(1,503)		794
(Increase) decrease in other post-employment benefits	(109,845)		(138,416)
(Increase) decrease in landfill closure and and post-closure costs	<u>(1,623,914)</u>		<u>(271,725)</u>
Total reconciling items	<u><u>(2,545,629)</u></u>		<u><u>(597,338)</u></u>
Change in net position	\$ <u><u>(1,378,977)</u></u>		\$ <u><u>(233,037)</u></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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</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	\$ 9,929,007	\$ 13,013,052	\$ 3,084,045	\$ 10,447,941
Water and sewer taps	251,500	442,755	191,255	236,782
Other operating revenues	9,000	15,000	6,000	6,750
Total operating revenues	<u>10,189,507</u>	<u>13,470,807</u>	<u>3,281,300</u>	<u>10,691,473</u>
<b>Non-Operating Revenues:</b>				
Investment income	7,000	26,185	19,185	25,599
Miscellaneous revenue	-	308	308	3,519
Total non-operating revenues	<u>7,000</u>	<u>26,493</u>	<u>19,493</u>	<u>29,118</u>
Total revenues	<u>10,196,507</u>	<u>13,497,300</u>	<u>3,300,793</u>	<u>10,720,591</u>
<b>Expenditures:</b>				
<b>Water System:</b>				
Salaries and employee benefits	837,564	752,974	84,590	658,076
Other operating costs	1,921,093	1,813,154	107,939	1,471,495
Capital outlay	594,123	445,837	148,286	25,486
Total water system	<u>3,352,780</u>	<u>3,011,965</u>	<u>340,815</u>	<u>2,155,057</u>
<b>Sewer System:</b>				
Salaries and employee benefits	517,865	553,472	(35,607)	593,570
Other operating costs	1,121,722	788,616	333,106	609,266
Capital outlay	360,813	187,280	173,533	-
Total sewer system	<u>2,000,400</u>	<u>1,529,368</u>	<u>471,032</u>	<u>1,202,836</u>
<b>Water Treatment Plant:</b>				
Salaries and employee benefits	588,403	569,692	18,711	562,574
Other operating costs	584,499	497,110	87,389	535,645
Total water treatment plant	<u>1,172,902</u>	<u>1,066,802</u>	<u>106,100</u>	<u>1,098,219</u>
<b>Indian Creek Pumping Station:</b>				
Other operating costs	699,761	212,639	487,122	72,838
Total Indian Creek pumping station	<u>699,761</u>	<u>212,639</u>	<u>487,122</u>	<u>72,838</u>
<b>Wastewater Treatment - Killian Creek:</b>				
Salaries and employee benefits	325,177	322,044	3,133	240,923
Other operating costs	525,135	432,644	92,491	348,081
Capital outlay	51,465	51,464	1	-
Total wastewater treatment - Killian Creek	<u>901,777</u>	<u>806,152</u>	<u>95,625</u>	<u>589,004</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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>		<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Debt Service:</b>			
Principal	1,344,427	1,344,427	-
Interest	397,809	302,413	95,396
Total debt service	<u>1,742,236</u>	<u>1,646,840</u>	<u>95,396</u>
Total expenditures	<u>9,869,856</u>	<u>8,273,766</u>	<u>1,596,090</u>
Revenues over (under) expenditures	<u>326,651</u>	<u>5,223,534</u>	<u>4,896,883</u>
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	1,028,460	-	(1,028,460)
Long-term debt issued	69,000	68,860	(140)
Debt issuance costs	(69,000)	-	69,000
Transfers in (out)	<u>(1,355,111)</u>	<u>(1,355,111)</u>	-
Total other financing sources (uses)	<u>(326,651)</u>	<u>(1,286,251)</u>	<u>(959,600)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>3,937,283</u>	<u>\$ 3,937,283</u>
			<u>1,269,619</u>
<b>Reconciliation of Modified Accrual Basis (Modified Accrual) to Full Accrual Basis:</b>			
Reconciling items:			
Debt principal	1,344,427		1,348,571
Capital outlay capitalized	684,581		25,486
Long-term debt issued	(68,860)		-
Water and Sewer Capital Fund activity:			
Interest income	14,215		14,472
Intrafund transfers	488,097		2,442,524
Capital contributions	10,000		2,962,527
Depreciation	(3,036,317)		(2,823,329)
Decrease in net pension asset	-		(196,920)
Increase in deferred outflows of resources - pensions	468,590		96
Increase in net pension liability	(560,030)		(151,857)
Decrease in deferred inflows of resources - pensions	48,368		399,465
Gain (loss) on disposal of capital assets	(3,833)		-
(Increase) decrease in compensated absences	1,362		(12,570)
(Increase) decrease in other post-employment benefits	(136,000)		(144,067)
Change in accrued interest	<u>(168,095)</u>		-
Total reconciling items	<u>(913,495)</u>		<u>3,864,398</u>
Change in net position	<u>\$ 3,023,788</u>		<u>\$ 5,134,017</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, 2017**

	<u>Project Authorization</u>	<b>Actual</b>			
		<u>Prior Years</u>	<u>Current Year</u>	<u>Closed Projects</u>	<u>Total to Date</u>
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 41,066	\$ 14,215	\$ -	\$ 55,281
Miscellaneous	<u>-</u>	<u>17,247</u>	<u>-</u>	<u>-</u>	<u>17,247</u>
Total revenues	<u>-</u>	<u>58,313</u>	<u>14,215</u>	<u>-</u>	<u>72,528</u>
<b>Expenditures:</b>					
Capital outlay	<u>22,152,085</u>	<u>3,174,440</u>	<u>2,647,329</u>	<u>3,037,033</u>	<u>2,784,736</u>
Revenues over (under) expenditures	<u>(22,152,085)</u>	<u>(3,116,127)</u>	<u>(2,633,114)</u>	<u>(3,037,033)</u>	<u>(2,712,208)</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	12,303,174	-	3,399,000	3,399,000	-
Transfers in (out)	<u>9,848,911</u>	<u>3,407,239</u>	<u>488,097</u>	<u>(361,967)</u>	<u>4,257,303</u>
Total other financing sources (uses)	<u>22,152,085</u>	<u>3,407,239</u>	<u>3,887,097</u>	<u>3,037,033</u>	<u>4,257,303</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 291,112	\$ 1,253,983	\$ -	\$ 1,545,095

## 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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		2016	
	Budget	Actual	Variance Over/Under	Actual
<b>Non-Operating Revenues:</b>				
Ad valorem taxes	\$ -	\$ 23,339	\$ 23,339	\$ 875,860
Investment earnings	-	230	230	1,519
Total revenues	-	23,569	23,569	877,379
<b>Expenditures:</b>				
Other operating costs	-	815	(815)	28,848
<b>Debt Service:</b>				
Principal	825,000	825,000	-	760,000
Interest	42,014	6,361	35,653	57,046
Total expenditures	867,014	832,176	34,838	845,894
Revenues over (under) expenditures	(867,014)	(808,607)	58,407	31,485
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	867,014	867,014	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	58,407	\$ 58,407	31,485
<b>Reconciliation of Modified Accrual Basis (Modified Accrual) to Full Accrual Basis:</b>				
Reconciling items:				
Debt principal		825,000		760,000
Change in net position	\$ 883,407		\$ 791,485	

## LINCOLN COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF NET POSITION

## INTERNAL SERVICE FUNDS

JUNE 30, 2017

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 3,958,919	\$ 97,962	\$ 4,056,881
Accounts receivable, net	1,582	19	1,601
Prepaid items	<u>360,967</u>	<u>10,000</u>	<u>370,967</u>
Total assets	<u>4,321,468</u>	<u>107,981</u>	<u>4,429,449</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and other accrued liabilities	<u>1,065,143</u>	<u>459,157</u>	<u>1,524,300</u>
<b>Net Position:</b>			
Unrestricted	<u>3,256,325</u>	<u>(351,176)</u>	<u>2,905,149</u>
Total net position	<u>\$ 3,256,325</u>	<u>\$ (351,176)</u>	<u>\$ 2,905,149</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, 2017**

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Total Internal Service Funds</b>
<b>Operating Revenues:</b>			
Contributions from employer	\$ 6,408,476	\$ -	\$ 6,408,476
Contributions from employees	1,078,659	-	1,078,659
Workers' compensation premiums	-	584,827	584,827
Total operating revenues	<u>7,487,135</u>	<u>584,827</u>	<u>8,071,962</u>
<b>Operating Expenses:</b>			
Health, administration, and consultant fees	6,780,160	137,921	6,918,081
Health and workers' compensation claims	<u>93,069</u>	<u>667,669</u>	<u>760,738</u>
Total operating expenses	<u>6,873,229</u>	<u>805,590</u>	<u>7,678,819</u>
Operating income (loss)	<u>613,906</u>	<u>(220,763)</u>	<u>393,143</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	14,231	27	14,258
Miscellaneous	<u>33,333</u>	<u>-</u>	<u>33,333</u>
Total non-operating revenues (expenses)	<u>47,564</u>	<u>27</u>	<u>47,591</u>
Change in net position	661,470	(220,736)	440,734
<b>Net Position:</b>			
Beginning of year - July 1	<u>2,594,855</u>	<u>(130,440)</u>	<u>2,464,415</u>
End of year - June 30	<u>\$ 3,256,325</u>	<u>\$ (351,176)</u>	<u>\$ 2,905,149</u>

## LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Operating Activities:</b>			
Cash received from interfund services	\$ 7,486,669	\$ 584,812	\$ 8,071,481
Cash received from other operating revenues	33,333	-	33,333
Cash paid for goods and services	(7,251,673)	(500,812)	(7,752,485)
Net cash provided (used) by operating activities	<u>268,329</u>	<u>84,000</u>	<u>352,329</u>
<b>Investing Activities:</b>			
Interest on investments	14,231	27	14,258
Net increase (decrease) in cash and cash equivalents/investments	282,560	84,027	366,587
<b>Cash and Cash Equivalents/Investments:</b>			
Beginning of year - July 1	<u>3,676,359</u>	<u>13,935</u>	<u>3,690,294</u>
End of year - June 30	<u>\$ 3,958,919</u>	<u>\$ 97,962</u>	<u>\$ 4,056,881</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 613,906	\$ (220,763)	\$ 393,143
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Non-operating items	33,333	-	33,333
(Increase) decrease in prepaids	(88,802)	-	(88,802)
Increase (decrease) in accounts payable	(289,642)	304,778	15,136
Total adjustments	<u>(345,577)</u>	<u>304,763</u>	<u>(40,814)</u>
Net cash provided (used) by operating activities	<u>\$ 268,329</u>	<u>\$ 84,000</u>	<u>\$ 352,329</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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016	
	Financial Plan	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Contributions from employer	\$ 5,966,000	\$ 6,408,476	\$ 442,476	\$ 6,040,133
Contributions from employees	1,127,795	1,078,659	(49,136)	1,051,547
Flex account	150,000	-	(150,000)	-
Total operating revenues	<u>7,243,795</u>	<u>7,487,135</u>	<u>243,340</u>	<u>7,091,680</u>
<b>Operating Expenditures:</b>				
Health and consultant fees	6,967,000	6,780,160	186,840	7,583,401
Patient monitoring	734,795	93,069	641,726	58,952
Total operating expenditures	<u>7,701,795</u>	<u>6,873,229</u>	<u>828,566</u>	<u>7,642,353</u>
Operating income (loss)	<u>(458,000)</u>	<u>613,906</u>	<u>1,071,906</u>	<u>(550,673)</u>
<b>Non-Operating Revenues:</b>				
Miscellaneous revenue	-	33,333	33,333	1,488
Investment earnings	8,000	14,231	6,231	17,997
Total non-operating revenues	<u>8,000</u>	<u>47,564</u>	<u>39,564</u>	<u>19,485</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>450,000</u>	<u>-</u>	<u>(450,000)</u>	<u>-</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ 661,470</u>	<u>\$ 661,470</u>	<u>\$ (531,188)</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, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016	
	Financial Plan	Actual	Variance Over/Under	Actual
<b>Operating Revenues:</b>				
Workers' compensation premiums	\$ 550,699	\$ 584,827	\$ 34,128	\$ 551,758
<b>Operating Expenditures:</b>				
Admin and consultant fees	84,000	137,921	(53,921)	130,242
Workers' compensation claims	341,250	667,669	(326,419)	75,331
Reserve	125,949	-	125,949	-
Total operating expenditures	551,199	805,590	(254,391)	205,573
Operating income (loss)	(500)	(220,763)	(220,263)	346,185
<b>Non-Operating Revenues:</b>				
Miscellaneous revenue	-	-	-	61,765
Investment earnings	500	27	(473)	4
Total non-operating revenues	500	27	(473)	61,769
Change in net position - budgetary basis	\$ -	\$ (220,736)	\$ (220,736)	\$ 407,954

**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, 2017

	<b>Balance</b> <b>July 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>June 30, 2017</b>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 77,012	\$ 285,121	\$ 241,757	\$ 120,376
Total assets	<u>\$ 77,012</u>	<u>\$ 285,121</u>	<u>\$ 241,757</u>	<u>\$ 120,376</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 77,012	\$ 285,121	\$ 241,757	\$ 120,376
Total liabilities	<u>\$ 77,012</u>	<u>\$ 285,121</u>	<u>\$ 241,757</u>	<u>\$ 120,376</u>
<b>Tax Collector Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 58,041	\$ 4,716,408	\$ 4,698,387	\$ 76,062
Total assets	<u>\$ 58,041</u>	<u>\$ 4,716,408</u>	<u>\$ 4,698,387</u>	<u>\$ 76,062</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 58,041	\$ 4,716,408	\$ 4,698,387	\$ 76,062
Total liabilities	<u>\$ 58,041</u>	<u>\$ 4,716,408</u>	<u>\$ 4,698,387</u>	<u>\$ 76,062</u>
<b>Register of Deeds SB202 Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,119	\$ 69,744	\$ 69,806	\$ 6,057
Total assets	<u>\$ 6,119</u>	<u>\$ 69,744</u>	<u>\$ 69,806</u>	<u>\$ 6,057</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 6,119	\$ 69,744	\$ 69,806	\$ 6,057
Total liabilities	<u>\$ 6,119</u>	<u>\$ 69,744</u>	<u>\$ 69,806</u>	<u>\$ 6,057</u>
<b>Inmate Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 8,421	\$ 297,059	\$ 283,723	\$ 21,757
Total assets	<u>\$ 8,421</u>	<u>\$ 297,059</u>	<u>\$ 283,723</u>	<u>\$ 21,757</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 8,421	\$ 297,059	\$ 283,723	\$ 21,757
Total liabilities	<u>\$ 8,421</u>	<u>\$ 297,059</u>	<u>\$ 283,723</u>	<u>\$ 21,757</u>

## LINCOLN COUNTY, NORTH CAROLINA

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	<b>Balance</b> <b>July 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>June 30, 2017</b>
<b>Miscellaneous Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 151,278	\$ 333,663	\$ 306,085	\$ 178,856
Total assets	<u>\$ 151,278</u>	<u>\$ 333,663</u>	<u>\$ 306,085</u>	<u>\$ 178,856</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 151,278	\$ 333,663	\$ 306,085	\$ 178,856
Total liabilities	<u>\$ 151,278</u>	<u>\$ 333,663</u>	<u>\$ 306,085</u>	<u>\$ 178,856</u>
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ 300,871	\$ 5,701,995	\$ 5,599,758	\$ 403,108
Total assets	<u>\$ 300,871</u>	<u>\$ 5,701,995</u>	<u>\$ 5,599,758</u>	<u>\$ 403,108</u>
<b>Liabilities:</b>				
Intergovernmental payable	\$ 300,871	\$ 5,701,995	\$ 5,599,758	\$ 403,108
Total liabilities	<u>\$ 300,871</u>	<u>\$ 5,701,995</u>	<u>\$ 5,599,758</u>	<u>\$ 403,108</u>

## LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2017**

<b>Fiscal Year</b>	<b>Uncollected Balance</b>		<b>Collections and Credits</b>	<b>Uncollected Balance</b>
	<b>June 30, 2016</b>	<b>Additions</b>		<b>June 30, 2017</b>
2016-2017	\$ -	\$ 53,788,586	\$ 53,010,615	\$ 777,971
2015-2016	747,335	-	365,123	382,212
2014-2015	383,716	-	168,662	215,054
2013-2014	276,401	-	97,426	178,975
2012-2013	179,037	-	45,168	133,869
2011-2012	129,701	-	12,256	117,445
2010-2011	84,040	-	5,172	78,868
2009-2010	78,497	-	3,560	74,937
2008-2009	83,614	-	3,460	80,154
2007-2008	75,981	-	3,223	72,758
2006-2007	62,044	-	62,044	-
Total	<u>\$ 2,100,366</u>	<u>\$ 53,788,586</u>	<u>\$ 53,776,709</u>	<u>2,112,243</u>

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund (741,375)

**Ad Valorem Taxes Receivable, Net**

General Fund \$ 1,370,868

**Reconciliation of Collections and Credits with Revenues:**

Ad valorem taxes - General Fund \$ 53,404,086

Reconciling items:

Interest and penalties	<u>(325,320)</u>
Abatements related to prior years	<u>8,587</u>
2% discount allowed	<u>661,036</u>
Taxes written off	<u>62,044</u>
Collection of taxes previously written off	<u>(2,002)</u>
Interest and penalties from VTS	<u>(31,722)</u>

Total collections and credits \$ 53,776,709

## LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2017

	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	\$ 8,783,462,521	\$ 0.611	\$ 53,666,956	\$ 48,653,462	\$ 5,013,494			
Late list penalties	-		56,611	56,611	-			
Total original levy	<u>8,783,462,521</u>		<u>53,723,567</u>	<u>48,710,073</u>	<u>5,013,494</u>			
<b>Discoveries:</b>								
Current year taxes	<u>35,870,049</u>		<u>219,166</u>	<u>214,165</u>	<u>5,001</u>			
<b>Abatements and Discounts</b>								
	<u>(25,228,642)</u>		<u>(154,147)</u>	<u>(153,855)</u>	<u>(292)</u>			
Total property valuation	<u>\$ 8,794,103,928</u>							
<b>Net Levy</b>			53,788,586	48,770,383	5,018,203			
<b>Uncollected taxes at June 30, 2017</b>			<u>777,971</u>	<u>777,039</u>	<u>932</u>			
<b>Current Year's Taxes Collected</b>			<u>\$ 53,010,615</u>	<u>\$ 47,993,344</u>	<u>\$ 5,017,271</u>			
<b>Current Levy Collection Percentage</b>			<u>98.55%</u>	<u>98.41%</u>	<u>99.98%</u>			

## LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2017

## Secondary Market Disclosures:

## Assessed Valuation:

Assessment Ratio (1)	<u>100%</u>
Real property	\$ 7,039,512,528
Personal property	625,939,050
Public service companies	395,337,578
Registered vehicles	<u>733,314,772</u>
Total assessed valuation	<u>\$ 8,794,103,928</u>
 Tax rate per \$100 (2)	 <u>\$ 0.611</u>
 Levy (includes discoveries, releases, and abatements) (3)	 <u>\$ 53,788,586</u>
 In addition to the County-wide rate, the County levies taxes on behalf of several fire districts	 <u>\$ 7,233,961</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****EMERGENCY TELEPHONE SYSTEM FUND UNSPENT BALANCE  
PSAP RECONCILIATION  
JUNE 30, 2017**

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)	\$ 535,999
Ineligible 911 expenditures reported in the Emergency Telephone System Fund	<u>124,397</u>
Ending balance, PSAP Revenue - Expenditure Report	<u>\$ 660,396</u>

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## STATISTICAL SECTION

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

Contents	Page
<b>Financial Trends</b> – These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time, tables 1 – 4.	126-130
<b>Revenue Capacity</b> – These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes, tables 5 – 8.	131-134
<b>Debt Capacity</b> – These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future, tables 9 - 12.	135-138
<b>Demographic and Economic Information</b> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place to help make comparisons over time and with other governments, tables 13 - 14.	139-140
<b>Operating Information</b> – These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs, tables 15 - 17.	141-146

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 23,939,226	\$ 20,388,761	\$ 25,451,479	\$ 50,294,495	\$ 52,215,432	\$ 54,900,561	\$ 54,146,520	\$ 52,409,026	\$ 55,659,430	\$ 58,995,204
Restricted					13,918,975	14,286,857	9,177,119	7,513,118	8,895,232	12,339,420
Unrestricted	<u>(76,836,707)</u>	<u>(72,813,944)</u>	<u>(84,710,471)</u>	<u>(87,582,889)</u>	<u>(104,678,297)</u>	<u>(102,610,445)</u>	<u>(91,146,787)</u>	<u>(82,089,234)</u>	<u>(72,836,306)</u>	<u>(69,053,644)</u>
Total governmental activities net position	<u>(52,897,481)</u>	<u>(52,425,183)</u>	<u>(59,258,992)</u>	<u>(37,288,394)</u>	<u>(38,543,890)</u>	<u>(33,423,027)</u>	<u>(27,823,148)</u>	<u>(22,167,090)</u>	<u>(8,281,644)</u>	<u>2,280,980</u>
Business-type activities										
Net investment in capital assets	54,035,788	59,892,883	59,902,755	61,285,375	57,936,188	50,496,688	53,989,857	56,348,162	61,317,027	61,048,458
Unrestricted	11,997,461	7,016,581	6,288,801	3,629,961	8,595,720	6,854,093	4,384,501	5,263,073	5,986,673	8,783,460
Total business-type activities	<u>66,033,249</u>	<u>66,909,464</u>	<u>66,191,556</u>	<u>64,915,336</u>	<u>66,531,908</u>	<u>57,350,781</u>	<u>58,374,358</u>	<u>61,611,235</u>	<u>67,303,700</u>	<u>69,831,918</u>
Primary government										
Net investment in capital assets	77,975,014	80,281,644	85,354,234	111,579,870	110,151,620	105,397,249	108,136,377	108,757,188	116,976,457	120,043,662
Restricted					13,918,975	14,286,857	9,177,119	7,513,118	8,895,232	12,339,420
Unrestricted	<u>(64,839,246)</u>	<u>(65,797,363)</u>	<u>(78,421,670)</u>	<u>(83,952,928)</u>	<u>(96,082,577)</u>	<u>(95,756,352)</u>	<u>(86,762,286)</u>	<u>(76,826,161)</u>	<u>(66,849,633)</u>	<u>(60,270,184)</u>
Total primary government net position	<u>\$ 13,135,768</u>	<u>\$ 14,484,281</u>	<u>\$ 6,932,564</u>	<u>\$ 27,626,942</u>	<u>\$ 27,988,018</u>	<u>\$ 23,927,754</u>	<u>\$ 30,551,210</u>	<u>\$ 39,444,145</u>	<u>\$ 59,022,056</u>	<u>\$ 72,112,898</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,838,749	\$ 14,596,135	\$ 15,587,341	\$ 10,434,240	\$ 15,226,309	\$ 14,220,069	\$ 15,128,230	\$ 17,453,401	\$ 19,892,679	19,017,062
Public safety	23,430,338	23,753,716	24,480,904	24,782,004	24,982,363	25,701,983	26,685,171	26,537,779	27,812,079	29,972,508
Economic and physical development	1,892,385	3,326,492	2,135,200	2,120,590	2,201,122	1,808,417	3,610,352	2,353,021	1,569,081	1,850,463
Human services	21,226,794	19,029,439	18,392,778	19,559,449	18,298,851	18,773,508	18,738,888	17,324,069	17,080,572	17,149,240
Culture and recreation	1,691,147	1,882,197	2,004,323	2,218,417	2,209,728	2,380,555	2,360,608	2,610,692	1,498,480	2,133,169
Transportation	-	-	-	-	-	-	-	-	321,507	217,002
Education	20,859,917	23,989,368	30,238,363	23,306,217	20,731,065	20,801,271	19,863,983	21,484,615	18,193,559	20,222,666
Interest on long term debt	4,907,325	5,258,614	5,408,907	6,604,596	8,423,957	4,251,585	3,941,948	3,189,629	3,035,798	2,940,263
Total governmental activities	<u>81,846,655</u>	<u>91,835,961</u>	<u>98,247,816</u>	<u>89,025,513</u>	<u>92,073,395</u>	<u>87,937,388</u>	<u>90,329,180</u>	<u>90,953,206</u>	<u>89,403,755</u>	<u>93,502,373</u>
Business-type activities:										
Solid Waste	5,345,843	5,880,066	4,594,260	5,038,688	2,087,537	4,309,839	4,234,410	4,925,026	4,406,194	6,038,674
Water and Sewer	6,526,756	7,437,335	6,864,685	7,194,130	7,999,309	7,409,355	8,378,593	7,987,776	8,563,573	9,630,713
East Lincoln County water and sewer	263,982	240,057	215,190	199,921	162,434	136,426	94,001	109,284	85,894	7,176
Total business activities	<u>12,136,581</u>	<u>13,557,458</u>	<u>11,674,135</u>	<u>12,432,739</u>	<u>10,249,280</u>	<u>11,855,620</u>	<u>12,707,004</u>	<u>13,022,086</u>	<u>13,055,661</u>	<u>15,676,563</u>
Total primary government expenses	<u>93,983,236</u>	<u>105,393,419</u>	<u>109,921,951</u>	<u>101,458,252</u>	<u>102,322,675</u>	<u>99,793,008</u>	<u>103,036,184</u>	<u>103,975,292</u>	<u>102,459,416</u>	<u>109,178,936</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	1,114,334	1,645,146	1,478,645	1,471,098	1,590,384	1,571,735	1,758,889	1,899,052	1,970,356	2,007,317
Public safety	4,536,817	4,566,789	4,294,060	5,133,736	4,424,537	4,665,583	4,750,346	4,644,806	5,635,205	5,824,386
Human services	3,881,436	3,888,397	4,175,651	3,679,433	3,118,534	2,753,487	2,486,344	2,075,201	1,405,400	1,381,443
Culture and recreation	2,100	2,950	2,517	1,047	21,337	20,134	20,461	91,436	81,187	90,851
Operating grants and contributions:										
General government	1,033,216	933,098	884,019	1,022,821	965,069	1,031,533	1,545,655	726,230	3,059,063	1,031,959
Public safety	364,292	393,051	736,783	711,154	755,636	677,364	507,169	688,347	923,587	940,929
Economic and physical development	4,000	410,726	4,850	15,120	260,283	112,909	9,255	30,360	30,229	30,330
Human services	8,252,407	9,093,058	9,084,230	10,646,933	10,034,395	9,960,365	10,393,912	11,495,059	11,739,707	11,146,419
Culture and recreation	-	-	-	-	-	-	-	-	118,195	122,615
Education	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	132,720	993,870	1,444,381	20,583,014	508,081	1,288,253	1,143,064	1,314,334	626,090	27,957
Public safety	-	-	-	-	-	55,295	-	-	-	-
Education	-	-	-	-	-	809,283	1,036,450	829,500	783,400	870,520
Total governmental activities program revenues	<u>20,540,857</u>	<u>23,261,335</u>	<u>23,926,298</u>	<u>44,207,239</u>	<u>22,498,637</u>	<u>23,062,397</u>	<u>23,764,381</u>	<u>23,926,945</u>	<u>26,372,419</u>	<u>23,474,726</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Solid Waste	2,926,931	2,994,637	2,987,950	3,208,740	3,720,626	3,547,567	3,708,037	3,757,118	4,143,385	4,633,323
Charges for service - Water and Sewer	9,150,036	7,564,083	6,951,482	7,288,758	7,524,847	7,493,520	7,673,169	9,343,337	10,694,992	13,471,115
Capital grants and contributions - Water	3,449,828	1,973,895	505,880	139,913	78,841	346,610	834,730	-	2,962,527	10,000
Total business-type activities program revenues	<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>	<u>17,800,904</u>	<u>18,114,438</u>
Total primary government program revenues	<u>36,067,652</u>	<u>35,793,950</u>	<u>34,371,610</u>	<u>34,844,650</u>	<u>33,822,951</u>	<u>34,450,094</u>	<u>35,980,317</u>	<u>37,027,400</u>	<u>44,173,323</u>	<u>41,589,164</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(61,305,798)	(68,574,625)	(74,321,518)	(44,818,274)	(69,574,757)	(64,874,989)	(66,564,799)	(67,026,261)	(63,031,336)	(70,027,647)
Business-type activities	<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>	<u>4,745,243</u>	<u>2,437,875</u>
Total primary government net (expense)/revenue	<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>	<u>(58,286,093)</u>	<u>(67,589,772)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	43,830,954	53,625,181	54,718,453	54,568,588	54,905,801	56,124,728	57,879,585	57,588,885	59,381,739	60,610,716
Local option sales tax	16,360,401	13,803,138	10,913,165	10,369,667	11,785,721	12,224,284	13,071,926	14,423,993	15,459,998	18,480,201
Utility franchise tax	318,899	321,802	273,740	231,349	238,690	233,252	228,408	229,091	220,188	223,349
Real estate transfer tax	1,005,843	514,599	531,807	387,864	534,686	697,046	737,628	858,192	974,733	1,380,914
Other taxes and licenses	494,670	746,779	646,101	639,076	365,652	431,955	430,687	476,454	401,490	436,698
Unrestricted intergovernmental	472,872	456,991	294,812	500,722	479,922	289,491	317,328	330,007	306,511	320,620
Investment earnings	1,604,805	662,836	109,631	91,606	87,795	75,727	162,391	90,279	172,123	152,094
Transfers	-	-	-	-	-	-	(563,160)	-	-	-
Gain (loss) on disposal of capital assets	-	(1,084,403)	-	-	(79,006)	(80,631)	-	-	-	-
Total governmental activities:	<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>	<u>76,916,782</u>	<u>81,604,592</u>
Business-type activities:										
Property taxes	1,302,839	557,775	472,991	487,936	495,073	878,437	931,496	912,435	875,860	23,339
Investment earnings	712,156	258,880	37,924	31,172	46,465	55,390	19,989	48,656	71,362	67,004
Transfers	-	1,084,403	-	-	-	-	563,160	-	-	-
Gain (loss) on disposal of capital asset	-	-	-	-	-	(9,647,031)	-	-	-	-
Total business-type activities	<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>	<u>947,222</u>	<u>90,343</u>
Total primary government	<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>	<u>77,864,004</u>	<u>81,694,935</u>
<b>Change in Net Position</b>										
Governmental activities	2,782,646	472,298	(6,833,809)	21,970,598	(1,255,496)	5,120,863	5,020,748	6,970,640	13,885,446	11,576,945
Prior period adjustment	-	-	-	-	-	-	-	882,835	-	(1,014,321)
Business-type activities	5,405,209	876,215	(717,908)	(1,276,220)	1,616,572	(9,181,127)	(9,181,127)	1,039,460	5,692,465	2,528,218
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Total primary government	<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>	<u>\$ 19,577,911</u>	<u>\$ 13,090,842</u>

**Schedule 3**  
**Lincoln County**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year			Fiscal Year						
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund				General Fund						
Reserved for:				Nonspendable						
State statute	\$ 6,184,221	\$ 4,642,450	\$ 4,923,594	Prepays	\$ 412,743	\$ 588,275	\$ 616,277	\$ 630,872	\$ 631,607	\$ 256,545
Unreserved				Restricted						\$ 229,546
Undesignated	<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	6,909,752
Total General Fund	<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	1,180,740
All Other Governmental Funds				Committed						5,093,410
Reserved for:				Assigned	2,881,150	2,050,429	2,105,045	2,202,711		1,000,000
State statute	\$ 625,717	\$ 545,926	\$ 499,044	Unassigned	11,342,260	11,895,426	11,744,605	12,687,339	20,307,623	5,500,388
Unreserved, reported in:				Total General Fund	<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>	<u>33,256,233</u>
Capital projects funds	4,431,429	13,070,660	10,666,888							<u>34,570,359</u>
Special revenue funds	<u>4,449,812</u>	<u>6,458,680</u>	<u>6,384,275</u>	All Other Governmental Funds						
Total all other governmental funds	<u>\$ 9,506,958</u>	<u>\$ 20,075,266</u>	<u>\$ 17,550,207</u>	Restricted						
				Stabilization for State statute	495,726	690,235	53,821	238,438		98,860
				Restricted, all other	603,986	338,169	441,368	619,600		791,716
				Committed	3,496,614	2,436,170	1,613,295	749,985		403,898
				Unassigned						421,667
										(303,043)
										(49,382)
					<u>4,596,326</u>	<u>3,464,574</u>	<u>2,108,484</u>	<u>1,608,023</u>	<u>-</u>	<u>(63,822)</u>
				Capital Project Funds						
				Restricted						
				Stabilization for State statute	540,662	15,898	3,032,244	233,514	298,605	28,313
				Restricted, all other	1,523,768	821,143	821,523	6,115,000		4,810,048
				Committed	1,225,391	1,232,123	-	-		602,817
				Unassigned						-
										-
					<u>3,289,821</u>	<u>2,069,164</u>	<u>226,731</u>	<u>2,920,321</u>	<u>(147,725)</u>	<u>(4,834,074)</u>
				Special Revenue Funds						
				Restricted						
				Stabilization for State Statute						
				Restricted, all other	11,368,364	8,183,748	5,428,970	3,951,663	731,109	260,327
				Committed						98,860
				Unassigned	(201,780)	-	-	-		791,716
				Total Special Revenue Funds	<u>\$ 11,166,584</u>	<u>\$ 8,183,748</u>	<u>\$ 5,428,970</u>	<u>\$ 3,951,663</u>	<u>\$ 766,436</u>	<u>1,145,108</u>
										403,898
										303,043
										421,667
										(225,000)
										(49,382)
										(63,822)

**Schedule 4****Lincoln County****Changes in fund Balances, Governmental Funds****Last Ten Fiscal Years**

(modified accrual basis of accounting)

	<b>Fiscal Year</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>2016</b>	<b>2017</b>
<b>Revenues</b>										
Ad valorem taxes	43,831,868	53,306,067	54,655,457	54,810,341	49,019,309	55,825,088	58,162,842	57,541,002	59,103,531	60,643,519
Local option sales taxes	16,360,401	13,803,138	10,913,165	10,369,667	11,785,721	12,224,284	13,071,926	14,423,993	15,459,998	18,480,201
Other taxes and licenses	1,819,412	1,583,180	1,451,648	1,258,289	859,857	1,362,253	1,396,723	1,563,737	1,596,411	2,040,961
Unrestricted intergovernmental revenues	472,872	456,991	294,812	500,722	479,922	289,491	317,328	330,007	306,511	320,620
Restricted intergovernmental revenues	10,005,506	12,071,547	13,135,650	12,693,675	11,113,384	12,950,384	13,123,144	13,745,936	14,052,982	13,216,065
Permits and fees	2,250,774	1,460,117	1,280,703	1,143,681	1,336,428	1,553,264	1,808,245	1,934,378	2,368,484	2,785,238
Sales, service and rents	7,176,094	7,911,950	8,016,111	7,971,588	7,264,115	6,881,299	6,244,150	6,143,014	5,938,525	5,743,361
Investment earnings	1,604,805	658,773	107,649	88,420	973,684	1,138,844	157,173	79,964	3,164,036	921,331
Miscellaneous	1,007,343	1,102,712	880,474	1,139,064	70,272	64,404	1,625,197	1,470,514	154,122	137,836
Total Revenues	84,529,075	92,354,475	90,735,669	89,975,447	82,902,692	92,289,311	95,906,728	97,232,545	102,144,600	104,289,132
<b>Expenditures</b>										
General Government	6,973,330	6,680,816	6,805,984	7,288,803	7,596,084	7,758,943	7,783,862	8,562,450	10,319,572	10,929,722
Public Safety	22,973,155	24,414,534	25,211,834	25,839,073	19,566,218	26,760,653	27,363,121	28,039,030	30,568,246	32,404,426
Economic and physical development	1,891,301	2,560,826	2,141,124	2,130,806	2,216,098	1,824,298	1,620,028	1,822,269	1,513,856	1,807,485
Human services	21,030,957	19,932,951	19,486,941	20,796,790	20,259,280	20,368,292	20,025,104	19,223,105	19,162,102	18,644,959
Transportation	-	-	-	-	-	-	-	-	321,507	171,298
Culture and Recreation	1,567,316	1,828,106	1,991,265	2,076,511	2,057,344	2,190,042	2,263,800	2,464,064	2,622,894	2,183,661
Education	17,109,628	17,742,846	18,421,240	18,421,240	17,742,846	18,043,320	18,386,184	18,517,937	18,908,697	20,667,575
Capital Outlay	8,523,119	12,481,380	15,117,985	8,452,355	-	7,436,995	7,594,533	8,477,934	2,540,899	4,487,994
Debt Service:										
Principal	7,743,368	7,872,139	8,770,711	8,970,463	9,116,549	9,037,158	10,202,473	9,054,196	9,053,807	8,846,700
Interest	4,907,326	5,258,614	5,408,907	6,604,596	4,935,755	4,251,585	3,841,493	3,651,770	3,213,983	3,059,430
Total Expenditures	92,719,500	98,772,212	103,355,991	100,580,637	83,490,174	97,671,286	99,080,598	99,812,755	98,225,563	103,203,250
Excess of revenues over (under) expenditures	(8,190,425)	(6,417,737)	(12,620,322)	(10,605,190)	(587,482)	(5,381,975)	(3,173,870)	(2,580,210)	3,919,037	1,085,882
<b>Other Financing Sources (Uses)</b>										
Transfers in	22,881,375	13,131,113	9,451,904	10,679,484	4,835,242	3,617,444	3,244,510	3,398,124	1,608,769	7,527,537
Transfers out	(22,881,375)	(13,235,823)	(9,451,904)	(10,679,484)	(4,490,310)	(3,617,444)	(3,244,510)	(3,398,124)	(1,608,769)	(7,527,537)
Bonds & installment financing issued	109,002	20,990,000	28,027,000	27,005,000	30,255,000	-	15,440,691	-	5,244,000	2,088,470
Bond premium	-	5,282	204,331	1,330,062	2,868,507	-	-	-	-	-
Advance refunding payments to trustee	-	-	(18,284,623)	(17,300,000)	(32,763,202)	-	(7,740,891)	-	(5,141,066)	-
Total other financing sources (uses)	109,002	20,890,572	9,946,708	11,035,062	705,237	-	7,699,800	-	102,934	2,088,470
Net change in fund balances	(8,081,423)	14,472,835	(2,673,614)	429,872	117,755	(5,381,975)	4,525,930	(2,580,210)	4,021,971	3,174,352
Debt service as a percentage of noncapital expenditures	14.46%	13.99%	14.12%	15.84%	20.03%	16.72%	17.55%	13.54%	13.21%	13.71%

**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					
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	6,308,804,410	796,831,718	350,862,508	420,023,945	593,681,026	562,239,937	365,935,449	8,558,331,103	0.598	8,305,272,937	103.05%
2016 (5)	6,091,573,583	804,391,566	420,815,464	383,285,265	636,617,770	595,668,262	392,333,841	8,558,115,221	0.611	9,009,297,457	94.99%
2017	6,094,640,416	803,928,981	426,281,505	285,338,374	733,314,772	625,939,050	395,337,578	8,794,103,928	0.611	9,525,553,594	92.32%

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>Fiscal Year</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>	<b>2016</b>	<b>2017</b>
Lincoln County	0.6100	0.5700	0.5700	0.5700	.59800	.59800	.59800	.59800	0.6110	0.6110
<b><u>Municipality Rates:</u></b>										
Lincolnton (2)	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	.5600	.5600	0.5600	0.5600
<b><u>Special District</u></b>										
East Lincoln Water and Sewer District (3)	0.0750	0.0200	.0175	.0175	.0290	0.0355	.0359	.0342	0.0325	0.0000
<b><u>Fire Districts (4)</u></b>										
Alexis	0.1450	0.1142	0.1050	0.1100	0.1100	0.1100	0.1100	0.1100	0.1165	0.1165
Boger City	0.0700	0.0700	0.0700	0.0750	0.0925	0.0925	0.0925	0.0925	0.0999	0.0999
Crouse	0.0600	0.0600	0.0600	0.0600	0.0609	0.0609	0.0609	0.0609	0.0640	0.0640
Denver	0.1150	0.0981	0.09675	0.09675	0.1099	0.1099	0.1099	0.1099	0.1125	0.1125
East Lincoln	0.0650	0.0606	0.0606	0.0606	0.0680	0.0785	0.0785	0.0850	0.0850	0.0860
Howards Creek	0.0500	0.0700	0.1000	0.1000	0.1050	0.105	0.1150	0.1150	0.1203	0.1223
North Brook	0.0600	0.0600	0.0600	0.0600	0.0600	0.035	0.0800	0.0400	0.0400	0.0400
North 321	0.0350	0.0350	0.0350	0.035	0.0350	0.06	0.03500	0.0800	0.1000	0.1000
Pumpkin Center	0.1000	0.0951	0.0951	0.0951	0.0951	0.0951	0.0938	0.0900	0.0970	0.9700
South Fork	0.0500	0.0776	0.0910	0.091	0.0910	0.091	0.1236	0.1236	0.1250	0.1250
Union	0.0650	0.0750	0.0750	0.075	0.0750	0.09	0.0900	0.0900	0.0900	0.0900

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 2017</b>			<b>Fiscal Year 2008</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	\$ 289,295,350	1	3.29%	\$ 271,081,273	1	4.16%
The Timken Company	Bearing manufacturer	74,888,221	2	0.85%	125,924,772	2	1.93%
Cataler North America Corp.	Auto parts manufacturer	65,376,523	3	0.74%	41,256,280	4	0.63%
Julis Blum	Furniture Hardware manf.	61,016,996	4	0.69%	66,905,895	3	1.03%
838 Lincoln County Parkway LLC	Manufacturing	43,643,130	5	0.50%			
Rutherford Electric Membership	Utility	34,193,645	6	0.39%	25,970,467	6	0.40%
Wal Mart Real Estate Business	Real Estate / Mfg	32,509,357	7	0.37%			
Medline Industries	Medical Supply Manufacturing	28,588,602	8	0.33%			
1000 East Powell Drive LLC	Real Estate / Mfg	20,428,808	9	0.23%			
Aptar Group Inc	Manufacturing	19,975,580	10	0.23%			
Bellsouth TEL CORP	Utility				27,729,305	5	0.43%
RSI Home Products INC	Manufacturing				21,862,447	7	0.34%
ALPHARMA USPD INC	Medical Supply Manufacturing				16,456,995	8	0.25%
Robert Bosch Tool Corp	Manufacturing				15,990,021	9	0.25%
TKC LIV LLC	Real Estate / Manufacturing				12,347,427	10	0.19%
<b>Totals</b>		<b>\$ 669,916,212</b>		<b>7.94%</b>	<b>\$ 625,524,882</b>		<b>10.23%</b>

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			
	(Original Levy)	Adjustments	Total	Percentage of Original Levy		Amount		Percentage of Adjusted Levy		Uncollected	
				Amount	Original Levy						
2008	\$ 39,495,597	\$ 260,891	\$ 39,756,488	\$ 38,884,020	98.45%	\$ 799,710	\$ 39,683,730	99.82%	\$ 72,758		
2009	48,397,102	144,571	48,541,673	47,330,210	97.80%	1,131,309	48,461,519	99.83%	80,154		
2010	48,978,334	323,666	49,302,000	48,202,295	98.42%	1,024,768	49,227,063	99.85%	74,937		
2011	49,168,763	152,177	49,320,940	48,295,770	98.22%	946,302	49,242,072	99.84%	78,868		
2012	49,318,299	19,177	49,337,476	48,213,572	97.76%	1,006,459	49,220,031	99.76%	117,445		
2013	49,575,234	563,425	50,138,659	48,908,152	98.65%	1,096,638	50,004,790	99.73%	133,869		
2014	51,400,496	151,116	51,551,612	50,570,651	98.39%	801,986	51,372,637	99.65%	178,975		
2015	50,455,214	105,063	50,560,277	49,283,713	97.68%	1,061,510	50,345,223	99.57%	215,054		
2016	52,246,531	106,268	52,352,799	51,605,464	98.77%	365,123	51,970,587	99.27%	382,212		
2017	53,404,086	384,500	53,788,586	53,010,615	99.26%	-	53,010,615	98.55%	777,971		
								\$ 2,112,243			

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					Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Installment Loans	Capital Leases	General Obligation Bonds	State Clean Water Loan	Installment Loans	Primary Government			
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	5.78%	
2012	96,000,000	21,462,915	-	2,675,000	1,250,000	21,804,848	143,192,763	1,812	4.94%	
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	75,085,000	22,664,779	-	1,085,000	500,000	18,356,716	117,691,495	1,467	3.75%	
2016	70,043,087	20,874,972	-	575,000	250,000	16,897,825	108,640,884	1,335	*	
2017	61,235,000	22,678,475	-	-	-	22,211,020	106,124,495	1,294	*	

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 2016 personal income not available to calculate fiscal year 2017.

\* Information not yet available.

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

<b>General Bonded Debt Outstanding</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>
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	2.42%	0.89%	950
2016	70,618,087	70,618,087	*	0.83%	868
2017	61,235,000	61,235,000	*	0.70%	746

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)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value of Property	\$ 6,509,962	\$ 8,490,268	\$ 8,634,483	\$ 8,644,971	\$ 8,242,244	\$ 8,333,756	\$ 8,612,497	\$ 8,558,331	\$ 8,558,115	\$ 8,794,104
Debt Limit, 8% of Assessed Value (Statutory Limitation)	520,797	679,221	690,759	691,598	659,380	666,700	689,000	684,666	684,649	703,528
Amount of Debt Applicable to Limit										
Gross debt	120,202	131,832	150,082	149,585	143,193	131,932	130,886	117,691	108,641	106,124
Less: Amount available for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Debt outstanding for water and sewer purposes	12,601	11,113	26,317	25,085	25,730	23,506	21,706	19,942	17,723	18,386
Total net debt applicable to limit	107,601	120,719	123,765	124,499	117,463	108,426	109,180	97,750	90,918	87,738
Legal Debt Margin	\$ 413,196	\$ 558,503	\$ 566,994	\$ 567,098	\$ 541,917	\$ 558,275	\$ 579,820	\$ 586,917	\$ 593,731	\$ 615,790
Total net debt applicable to the limit as a percentage of debt limit	20.66%	17.77%	17.92%	18.00%	17.81%	16.26%	15.85%	14.28%	13.28%	12.47%

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, 2017**

<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>\$ 1,290,933</u>	100.00%	\$ -
Direct - Lincoln County			<u>83,913,475</u>
Total direct and overlapping debt			<u><u>\$ 83,913,475</u></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>
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	3,142,032	38,774	11,589	5.90%	19,868
2016	81,397	*	*	11,646	4.70%	24,373
2017	82,033	*	*	11,503	3.70%	29,446

\* 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>2017</b>		<b>Percentage of Total County Employment</b>	<b>2008</b>		<b>Percentage of Total County Employment</b>
		<b>Employees</b>	<b>Rank</b>		<b>Employees</b>	<b>Rank</b>	
Lincoln County Schools	Education	1,297	1	3.19%	1,386	1	6.36%
Carolinas Medical Center	Medical Care	858	2	2.11%	467	9	2.14%
RSI Home Products	Vanities and Marble Counter Tops	773	3	1.90%	500	5	2.29%
Wal-Mart Stores, Inc.	Discount Stores	740	4	1.82%	315	11	1.44%
Lincoln County Government	County Government	695	5	1.71%	482	7	2.21%
Timken Company	Tapered Roller Bearings	641	6	1.57%	639	2	2.93%
Julius Blum, Inc.	Cabinet and Furniture Hardware	422	7	1.04%	410	10	1.88%
Robert Bosch Tool Corporation	Tools Manufacturer and Distributor	352	8	0.86%	476	8	2.18%
Cataler North America	Automobile Components	347	9	0.85%			
United Technologies	Technology	311	10	0.76%	125	28	0.57%
VT LeeBoy, Inc.	Asphalt Paving Equipment	285	11	0.70%	140	26	0.64%
G & W	Laboratory	222	12	0.55%	190	19	0.87%
State of North Carolina	Various Government Agencies	139	13	0.34%	241	14	1.11%

Total Civilian Labor Force for the County 40,703 35,607

Sources: Lincoln Economic Development Association  
 North Carolina Employment Security Commission  
 Telephone survey Planning 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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<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	12.0	13.0	13.2	13.2	13.2	13.2	13.2	13.2	15.5	20.0
Management Information Systems	6.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0
Elections	3.0	3.5	3.8	3.8	3.8	3.8	4.0	4.0	4.0	11.8
Tax	24.5	26.0	27.8	24.8	24.0	25.0	25.0	25.0	25.5	26.8
Register of Deeds	9.5	8.5	8.4	8.0	8.0	8.0	7.0	7.0	6.5	7.5
Public Buildings	17.5	14.5	14.5	13.4	13.4	13.4	13.4	13.4	16.0	28.8
<b>Public safety</b>										
Sheriff	117.0	128.0	128.0	126.1	128.0	128.0	128.0	128.0	144.5	132.0
Communications	21.5	24.0	21.4	22.5	22.5	22.5	19.8	19.8	22.5	22.0
Jail	41.0	42.5	43.4	43.4	43.4	43.4	44.6	44.6	45.0	44.0
Emergency Management	6.0	4.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5
Ambulance Services	65.0	81.0	82.0	76.3	76.3	76.3	78.4	78.4	94.3	92.3
Fire Marshal	(1)	-	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Building and Land Development	24.0	20.0	18.0	18.0	18.0	18.0	20.0	20.0	21.0	23.0
Animal Control	7.0	10.0	11.0	10.8	11.0	11.0	11.2	11.2	13.5	15.5
<b>Economic and physical development</b>										
Cooperative Extension	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.6	2.0	1.8
Soil and Water Conservation	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
<b>Human services</b>										
Health	75.0	85.0	81.5	78.4	78.4	78.4	73.4	73.4	66.3	65.0
Social Services	111.0	122.0	121.7	121.7	121.7	121.7	125.7	130.7	129.0	128.3
Veterans Service	1.5	1.5	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
Juvenile Crime Prevention	-	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Office on Aging	5.5	6.5	6.5	6.5	6.5	5.5	4.0	4.0	5.8	5.5
Transportation	11.5	14.0	17.5	22.4	22.4	22.4	16.6	16.6	23.3	25.5

**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>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Cultural and recreation										
Recreation	15.0	26.5	30.6	29.7	29.7	29.7	25.4	25.4	24.0	15.3
Library	17.5	17.5	17.3	16.3	16.4	16.4	18.4	18.4	18.3	18.8
Historical Coordinator	1.0	-	-	-	-	-	-	-	-	-
Water & Sewer	42.0	43.0	43.0	42.6	42.6	42.6	39.8	39.8	37.3	36.8
Solid Waste	41.0	48.0	48.6	43.6	43.6	43.6	40.2	40.2	46.3	49.8
Total	<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>729.2</u></b>	<b><u>734.2</u></b>	<b><u>781.1</u></b>	<b><u>792.0</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.

(2) Fire Marshal was consolidated into Emergency Management in FY 2005.

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Management Information Systems										
Work orders	3,804	3,798	4,870	5,571	5,604	5,679	4,110	3,325	3,926	4,630
Elections										
Registered voters	47,306	49,218	49,899	49,959	53,240	51,728	52,544	52,661	55,744	58,634
Votes cast in general elections (votes odd years city; even county wide)	36,066	1,421	n/a	23,427	36,892	1,943	6,905	24,032	24,372	36,241
Tax										
Number of land records created	936	1,144	126	140	250	n/a	73	485	651	862
Number of ownership transfers - real estate/mfg. homes	6,679	6,118	2,411	4,293	3,995	n/a	3,671	4,350	4,792	5,391
Number of tax bills created - real/personal	66,168	69,202	68,330	68,499	68,400	n/a	70,635	71,596	73,854	74,902
Number of tax bills created - registered vehicles	89,394	89,224	87,540	85,796	84,814	n/a	n/a	84,928	78,076	79,651
Register of Deeds										
Total documents recorded	19,179	15,066	13,427	12,042	n/a	14,589	12,566	12,092	13,647	15,069
Deeds recorded	3,905	2,706	2,666	2,382	n/a	2,747	3,029	3,028	3,405	3,956
Marriage licenses issued	488	471	505	514	n/a	497	537	567	583	516
Births occurring	485	523	424	346	n/a	413	438	461	464	458
Deaths occurring	518	486	474	452	n/a	494	500	495	555	546
Certified copies issued	5,344	5,300	4,991	4,759	n/a	4,929	4,918	4,902	5,499	5,404
Public safety										
Arrests	3,265	3,213	2,928	2,975	3,979	4,205	4,607	3,848	3,025	2,921
Civil papers served	13,036	13,255	13,715	12,311	12,586	12,591	11,755	13,174	11,394	10,544
Jail bookings	3,942	3,622	3,516	3,584	3,773	4,198	4,138	4,065	4,548	4,399
Average daily jail population	110	125	123	134	133	136	134	135	138	154
Communications total calls	106,576	110,305	93,074	89,575	94,480	76,336	106,520	111,509	113,207	144,171
Building permits issued										
Building inspections conducted	1,795	1,884	2,238	3,035	3,019	2,616	2,849	2,960	7,514	4,191
Emergency medical calls answered										
Emergency patients transported	14,331	14,394	15,367	16,002	16,763	18,679	17,517	14,957	14,521	15,237
7,249	7,868	7,994	8,143	8,213	8,718	8,241	10,036	10,239	8,858	
Number of firemen and officers										
Number of fire calls answered	476	500	500	500	450	564	450	453	411	554
Number of fire marshal inspections	2,955	3,000	3,000	3,000	6,348	7,300	8,203	9,746	8,401	8,567
Animals entering shelter										
Animals euthanized	1,250	1,300	1,300	1,300	1,750	2,000	1,750	1,776	1,135	1,309
3,969	2,611	4,779	4,235	4,163	3,883	3,309	3,285	3,262	2,834	
2,577	1,555	2,601	2,485	2,271	2,107	1,114	735	484	423	

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Economic and physical development										
Cooperative Extension client contacts	33,984	50,055	49,206	69,149	63,688	73,990	50,790	77,013	23,500	51,500
Soil and Water Conservation										
Clients assisted	2,673	3,183	3,634	3,658	3,750	3,713	3,752	3,752	3,707	3,684
Funds landowners received from fed & state programs	\$ 284,656	\$ 443,203	\$ 233,644	\$ 176,714	\$ 346,154	\$ 496,530	\$ 247,227	\$ 667,686	\$ 441,710	\$ 480,047
Human services										
Health Department patient visits										
Adult Health	4,972	4,922	4,091	3,790	2,684	2,568	3,108	3,055	1,949	2,515
Child Health	1,219	1,514	1,160	1,115	1,083	1,075	1,103	1,061	425	1,173
Family Planning	4,932	5,892	6,842	4,836	4,723	3,935	4,357	4,413	4,107	4,153
Immunizations/Flu	2,961	3,362	5,076	2,285	1,144	1,014	1,352	1,481	1,187	1,657
Maternal Health	1,296	1,831	1,851	1,125	374	750	940	1,519	1,517	1,484
Primary Care	7,251	7,231	7,225	6,052	5,899	4,172	3,355	3,191	2,855	3,837
Sexually transmitted diseases	2,178	2,588	3,054	2,748	2,562	1,924	2,296	2,745	2,695	3,360
Tuberculosis	626	602	652	324	477	494	294	661	845	889
Case Management (child service & maternity care)	1,972	2,398	2,005	1,748	-	-	-	-	-	-
Lab services (in-house)	12,375	12,452	9,898	10,895	9,536	8,153	8,237	7,650	5,490	5,864
(referred)	5,063	4,797	4,116	4,356	4,030	3,863	4,121	4,454	3,951	4,410
WIC (women infants and children)	23,269	24,715	24,180	24,345	24,490	24,864	23,381	20,910	20,765	19,855
Home Health (unduplicated patients)	379	525	406	365	504	567	518	478	-	-
Environmental Health										
Food & Lodging permits	62	70	71	68	77	39	26	40	27	18
Food, Lodging & Institutional Inspections	782	796	834	859	1,257	802	842	863	860	864
Sewage system permits	841	377	302	273	349	317	433	471	605	803
Sewage system finals	375	271	208	164	213	168	235	247	263	332
Water samples	250	344	294	258	308	284	401	397	447	436
New well permits (began 7/1/07)	189	145	96	102	137	68	107	76	179	207
Wells Inspected (water for sampling)	123	177	120	107	85	98	107	148	147	150
Swimming pools	31	37	25	31	31	27	32	33	39	22
Lead investigations	1	2	-	-	-	-	-	1	-	-
Complaint investigations	62	118	121	56	175	75	94	70	57	65
Social Services cases (may contain duplicates)										
Child & adult protective services	126	108	108	116	109	97	92	98	93	85
Children in foster care	97	76	53	56	62	78	82	80	86	108
Work first cases	150	160	133	128	121	119	119	120	108	106
NC health choice cases	626	666	756	826	817	866	866	866	776	784
Medicaid cases	7,437	8,027	8,952	8,966	9,098	9,163	9,364	12,075	11,678	11,822
Food stamp cases	2,487	3,657	4,372	5,244	5,654	4,922	5,365	5,505	5,163	4,591
Child support cases	2,809	2,823	2,863	2,765	2,920	2,919	2,874	2,834	2,767	2,714

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Transportation clients served	632	667	2,444	2,900	3,810	2,966	2,591	2,120	2,112	589
Transportation trips provided	-	19,254	19,253	20,184	23,442	24,969	17,540	15,445	15,606	17,801
Culture and recreation										
Recreation (shelter & facility reservations)				816	896	1,157	1,296	n/a	n/a	1,339
Library volumes in collection	133,498	134,854	137,971	148,408	142,853	144,907	143,880	173,251	157,541	141,099
Library circulation	329,072	323,544	326,429	308,342	280,413	285,669	283,041	245,675	252,018	241,229
Water/Sewer (Business activity)										
Number of water customers	9,583	9,585	9,584	9,730	9,901	10,165	10,680	9,743	10,420	12,491
Average daily water production	2,402,250	2,296,000	2,910,000	2,800,000	2,620,000	2,790,000	2,619,000	2,800,000	2,971,000	3,141,498
Number of sewer customers	3,538	3,660	3,699	3,812	3,843	4,027	3,851	4,472	5,022	5,196
Average daily sewage treatment	610,333	700,000	729,000	780,000	880,000	825,000	799,250	900,000	1,045,000	1,019,628
Landfill										
Tons of waste sanitary landfill	44,680	45,508	48,496	46,692	43,093	38,766	39,008	39,008	35,969	36,814
Tons of waste demolition landfill	7,809	11,264	12,796	16,131	18,282	12,342	9,283	9,283	7,308	8,505
Tons of recyclables	1,870	1,848	2,175	2,187	2,048	2,423	2,537	2,537	1,870	3,009
Tons of white goods	1,184	968	1,023	800	1,125	1,411	1,616	1,616	2,334	2,669
Tons of tires	1,371	1,185	1,281	1,209	1,280	1,064	1,069	1,069	1,064	1,190

Source: Various County Departments

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Buildings	22	22	22	24	24	25	25	25	26	27
Public safety										
Law enforcement stations	3	3	3	3	3	3	3	3	3	3
Patrol units	71	77	77	77	77	77	79	83	83	95
Jail capacity	168	168	168	168	168	168	168	168	168	168
Emergency medical stations	3	5	6	7	7	7	9	6	6	8
Emergency medical apparatus	20	22	23	23	24	24	24	24	24	24
Fire department stations	13	15	15	15	16	17	18	19	19	19
Economic and physical development										
Transportation										
Number of transportation vehicles	13	12	15	18	19	19	21	21	21	22
Cultural and recreation										
Number of libraries	3	3	3	3	3	3	3	3	3	3
Number of county parks										
Developed	2	4	4	4	5	5	6	6	6	6
Undeveloped	2	1	1	1	1	1	-	-	-	-
Park acreage:										
Developed	37	115	115	115	149	149	265	265	265	265
Undeveloped	54	116	116	116	116	116	-	-	-	-
Number of community centers	2	2	2	2	2	2	2	2	2	2
Number of gyms/centers	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
Miles of water mains	285	300	315	336	313	313	322	325	332	332
Number of wastewater plants	1	1	2	2	2	1	1	1	1	1
Miles of sanitary sewer	90	100	155	155	171	171	171	176	176	233
Landfill										
Number of sanitary landfills	1	1	1	1	1	1	1	1	1	1
Number of demolition landfills	1	1	1	1	1	1	1	1	1	1
Number of convenience sites	7	7	7	7	7	7	7	7	7	7

Source: Various County Departments

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# MARTIN ♦ STARNES

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## & 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements, and have issued our report thereon dated December 11, 2017. 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. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2017-003 to be a significant deficiency.

### **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 2017-001.

### **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

December 11, 2017

# MARTIN ♦ STARNES

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## & ASSOCIATES, CPAs, P.A.

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### **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance 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 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, 2017. 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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.

### **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, 2017.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Finding and Questioned Costs as item 2017-004. Our opinion on each major federal program is not modified with respect to this matter.

Lincoln County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questions Costs. Lincoln County's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

### **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 Uniform Guidance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-004 to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-005 to be a significant deficiency.

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

Lincoln County's responses to the internal control over compliance 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 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 Uniform Guidance. 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  
December 11, 2017

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# MARTIN ♦ STARNES

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## & 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 Uniform Guidance 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, 2017. 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; and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, 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.

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## **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, 2017.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Finding and Questioned Costs as item 2017-004. Our opinion on each major State program is not modified with respect to this matter.

Lincoln County's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questions Costs. Lincoln County's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

## **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 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 the Uniform Guidance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-004 to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-005 to be a significant deficiency.

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

Lincoln County's responses to the internal control over compliance 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 on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. 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  
December 11, 2017

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## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

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

##### **Financial Statements**

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

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(s) identified? Yes

Non-compliance material to financial statements noted? Yes

##### **Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? Yes
- Significant deficiency(s) identified? Yes

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

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

Dollar threshold used to distinguish between Type A and Type B programs: \$2,134,067

Auditee qualified as low-risk auditee? No

## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

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

##### State Awards

Internal control over major State programs:

- Material weakness(es) identified? Yes
- Significant deficiency(es) identified? Yes

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

Identification of major State programs:

##### Program Name

Medicaid Cluster

## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

#### 2. Financial Statement Findings

##### **Finding 2017-001 Expenditures Exceeded Appropriations**

###### **Material Weakness**

**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.

**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 were not effective.

**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, the Emergency Telephone System Fund, the Law Enforcement Fund, and the East Lincoln Water and Sewer District Fund.

**Cause:** Inadequate pre-audit process and budget monitoring by management. The County expended more than appropriated because pre-audit and budget amendments were not utilized to account for departmental expenditures, special revenue fund expenditures, and operating expenditures in the East Lincoln Water and Sewer District Fund in excess of budgeted amounts.

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit, 2016-001.

**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 performed to ensure compliance in future years.

**Views of Responsible Officials and Planned Corrective Actions:** Management concurs with the condition, context, and recommendations. Management and the Board will adopt the budget in the future based on function, not department, and more closely monitor expenditures.

## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

#### 2. Financial Statement Findings (continued)

##### **Finding 2017-002 Deficit Fund Equity**

###### **Material Weakness**

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

**Condition:** The Worker's Comp Fund has deficit fund equity for the third year.

**Effect:** The Worker's Comp Fund continued to operate with a deficit in the current year.

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

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit, 2016-002.

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

**Views of Responsible Officials and Planned Corrective Actions:** Management will evaluate charges related to 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, 2017

#### 2. Financial Statement Findings (continued)

##### **Finding 2017-003 Controls over Information Submitted to Actuary**

###### **Significant Deficiency**

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

**Condition:** While testing controls over the submission of OPEB and LEO information to the actuary, five exceptions were noted related to date of birth, hire date, and retirement date information where the information per personnel records did not agree with the list of personnel information submitted to the actuary. Lincoln County does not have a control in place for a secondary review of comparing information submitted to the actuary for OPEB and LEO to personnel records.

**Cause:** There is a lack of internal controls over the process of submission of OPEB and LEO information to the actuary.

**Effect:** Errors in financial reporting could occur.

**Identification of Repeat Finding:** This is a repeat finding from the immediate previous audit, 2016-004.

**Recommendation:** Lincoln County should have an additional control in place for a secondary review of comparing information submitted to the actuary for OPEB and LEO to personnel records.

**Views of Responsible Officials and Planned Corrective Actions:** Management concurs with the finding and will review information submitted to the actuary in the future.

## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

#### 3. Federal Award Findings and Questioned Costs

##### **US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: XIX-MAP17

**Finding: 2017-004**

#### **Non-Material Non-compliance**

#### **Material Weakness**

**Criteria:** Management should have an adequate system of internal control procedures in place to ensure proper timely termination of benefits for participants.

**Condition:** Two recipients were not terminated timely due to delayed communication by the Social Security Administration. Upon further review and recalculation, one of the recipients was still eligible for benefits. The other recipient was not eligible and incorrectly received benefits.

**Context:** Of the 4,136 casefiles, we examined 79 and determined that two (2.6%) participants were not terminated timely. Upon further review and recalculation, one (1.3%) of the participants was still eligible for benefits. The other one (1.3%) recipient was not eligible and incorrectly received benefits.

**Effect:** Participants could be receiving benefits when they are not eligible due to not being terminated timely.

**Cause:** Caseworker failed to terminate case in a timely manner due to delayed communication by the Social Security Administration.

**Questioned Costs:** \$4,286 is the amount provided by NCDHHS as the total amount of costs reported for the case that was ineligible for benefits. In accordance with 2 CFR 200, auditors must report known questioned costed when likely questioned costs are greater than \$25,000. Therefore, the overpayment of \$4,286 (federal share \$2,838) is being questioned.

**Recommendation:** County should continue monitoring cases by performing second party review procedures on a monthly basis to ensure that cases are terminated timely.

**Views of Responsible Officials and Planned Corrective Actions:** Management concurs with this finding. Refer to the Corrective Action Plan.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017**

#### **3. Federal Award Findings and Questioned Costs**

##### **US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: XIX-MAP17

**Finding: 2017-005**

#### **Significant Deficiency**

**Criteria:** In accordance with 2 CFR 200, management must have an adequate system of internal control procedures in place to adequately safeguard confidential information from unauthorized use in compliance with applicable laws and regulations. In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the State network terminals or personal computers that are connected to the State mainframe.

**Condition:** Upon surprise inspection, two unattended work stations of DSS employees were logged onto the State network without anyone attending to the work station.

**Effect:** Unauthorized access to the State system could be obtained due to the unattended log-on to the system throughout the DSS building.

**Cause:** Lack of proper internal controls over data security.

**Questioned Costs:** The finding represents an internal control issue; therefore, no questioned costs are applicable.

**Context:** During a surprise walkthrough, we examined 18 workstations and determined that 2 (11%) workstations were not properly secured. The workstation was unattended and logged onto the State system.

**Recommendation:** Require the County Data Processing Department to implement procedures to require logout of workstations where access to the State DSS system is granted. The control procedures should include random verification of logout in instances where offices are unattended.

**Views of Responsible Officials and Planned Corrective Actions:** Management concurs with this finding. Refer to the Corrective Action Plan.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017**

#### **4. State Award Findings and Questioned Costs**

##### **N.C. Department of Health and Human Services**

Program Name: Medical Assistance Program (Medicaid; Title XIX)

**Finding: 2017-004** – Management should have an adequate system of internal control procedures in place to ensure proper timely termination of benefits for participants. See more details at Finding 2017-004 in Section III – Federal Award Findings and Questioned Costs.

##### **N.C. Department of Health and Human Services**

Program Name: Medical Assistance Program (Medicaid; Title XIX)

**Finding: 2017-005** – In accordance with 2 CFR 200, management must have an adequate system of internal control procedures in place to adequately safeguard confidential information from unauthorized use in compliance with applicable laws and regulations. In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the State network terminals or personal computers that are connected to the State mainframe. See more details at Finding 2017-005 in Section III – Federal Award Findings and Questioned Costs.



# 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

## **CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2017**

### **2. Financial Statement Findings**

#### **Finding: 2017-001**

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

**Corrective Action/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.

**Proposed Completion Date:** Management will implement the above procedure immediately.

#### **Finding: 2017-002**

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

**Corrective Action/Management's Response:** Management will evaluate charges related to 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. Charges to individual funds have been increased to reduce the deficit.

**Proposed Completion Date:** Management will implement the above procedure immediately.

#### **Finding: 2017-003**

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

**Corrective Action/Management's Response:** Management concurs with the finding and will review OPEB and LEO reports in the future.

**Proposed Completion Date:** Management will implement the above procedure immediately.



# COUNTY OF LINCOLN, NORTH CAROLINA

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

FINANCE DEPARTMENT  
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## CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2017

### 3. Federal Award Findings and Questioned Costs

#### Finding: 2017-004

**Name of Contact Person:** Susan McCracken, DSS Director

**Corrective Action/Management's Response:** SSI Termination Reports will be printed and monitored by the Adult Medicaid Supervisor on a monthly basis. Evaluation of ongoing benefits for SSI terminated cases will begin within one week after appearing on the report. All SSI terminations will be completed by one caseworker to ensure consistency and ease of monitoring for accuracy. The Adult Medicaid Supervisor and the Quality and Training worker will perform random second party reviews to ensure timeliness and accuracy at a rate of 5% and document the results on a monthly basis.

**Proposed Completion Date:** Immediately and ongoing

#### Finding: 2017-005

**Name of Contact Person:** Susan McCracken, DSS Director

**Corrective Action/Management's Response:** The Security Officer and the Backup Security Officer will perform a monthly random sample of unattended workstations. Each month, a minimum of 10% of the current agency position count will be tested. A log will be completed and maintained with the following information:

DATE	ROOM #	EMPLOYEE NAME	STATUS

Any workstation(s) found to be unattended and unsecure will be shared with the Agency Director and the Staff's Unit Supervisor.

Additionally, signage will be posted in staff common areas throughout the building as a reminder to "Lock Your Computer".

All current staff will be retrained. They will be required to read the attached Unattended Work Areas policy and sign the certification on page 2.

All new staff will be required to read the attached Unattended Work Areas policy and sign the certification on page 2 at new staff orientation.

**Proposed Completion Date:** Immediately and ongoing



# COUNTY OF LINCOLN, NORTH CAROLINA

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

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## **CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2017**

### **4. State Award Findings and Questioned Costs**

#### **Finding: 2017-004**

See Finding 2017-004 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

#### **Finding: 2017-005**

See Finding 2017-005 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

**LINCOLN COUNTY, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

**2016-001:** Updated and repeated as 2017-001

**2016-002:** Updated and repeated as 2017-002

**2016-003:** Corrected

**2016-004:** Updated and repeated as 2017-003

**2016-005:** Corrected

**2016-006:** Corrected

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<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>	<b>Pass-through to Subrecipients</b>
<b>Federal Awards:</b>					
<b>U.S. Department of Agriculture</b>					
Food and Nutrition Service					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assistance Program (SNAP) Cluster					
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program- Admin	10.561	175NC406S2514	\$ 524,528	\$ -	\$ -
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program - Fraud Admin	10.561	175NC406S2514	41,715	-	-
Total SNAP Cluster			566,243	-	-
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	13A2-5403-GG	324,586	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for					
Women, Infants, & Children (WIC)	10.557	13A2-5403-GU	1,010,628	-	-
Total Division of Public Health			1,335,214	-	-
Total U.S. Department of Agriculture			1,901,457	-	-
<b>U.S. Department of Housing and Urban Development</b>					
Office of Community Planning and Development					
Passed-through N.C. Dept. of Commerce					
Community Development Block Grants/State's program and					
Non-Entitlement Grants in Hawaii	14.228	B-12-DC-37-0001	88,845	-	-
Community Development Block Grants/State's Program and					
Non-Entitlement Grants in Hawaii	14.228	02-D-2683; 12-C-2423	37,459	-	-
Total U.S. Department of Housing and Urban Development			126,304	-	-
<b>U.S. Department of Justice</b>					
Office for Victims of Crime					
Passed-through N.C. Dept. of Public Safety					
Crime Victim Assistance	16.575	PROJ011176	39,162	-	-
Total Office for Victims of Crime			39,162	-	-
<b>U.S. Department of Treasury</b>					
Direct Program:					
Treasury Forfeiture Fund Program	21.000		7,781	-	-
Total U.S. Department of Treasury			7,781	-	-
<b>U.S. Department of Transportation</b>					
Federal Transit Administration					
Passed-through the N.C. Dept. of Transportation					
Formula Grants for Rural Areas- Admin	20.509	36233.114.6.1	164,729	25,523	-
Formula Grants for Rural Areas- Capital	20.509	36233.114.6.3; 36233.114.6.4	133,664	16,708	-
Total U.S. Department of Transportation			298,393	42,231	-
<b>National Science Foundation</b>					
Education and Human Resources					
Total National Science Foundation	47.076		737	-	-
737			737	-	-
<b>U. S. Department of Homeland Security</b>					
Federal Emergency Management Agency					
Passed-through N.C. Dept. of Public Safety:					
Emergency Management Performance Grants	97.042	EMPG-2016-37109	35,000	-	-
Emergency Management Performance Grants - SEP	97.042	EMPG-2016-37109	17,959	-	-
Total U. S. Department of Homeland Security			52,959	-	-
<b>U.S. Department of Health &amp; Human Services</b>					
Administration for Community Living					
Division of Social Services					
Passed-through the N.C. Dept. of Insurance					
State Health Insurance Assistance Program	93.324	905A 0090-01-00	3,182	-	-
Medicare Enrollment Assistance Program	93.071	14AANCMSHI	395	-	-
Total N.C. Department of Insurance			3,577	-	-

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<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>	<b>Pass-through to Subrecipients</b>
<b>Division of Aging and Adult Services</b>					
Passed-through Centralina Council of Governments					
<b>Aging Cluster:</b>					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - Access Services	93.044	AANCT3SS	77,806	13,730	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - In Home & Support Services	93.044	AANCT3SS	212,128	37,434	-
Special Programs for the Aging, Title III, Part C, Nutrition Services - Congregate Nutrition	93.045	AANCT3CM	71,004	12,530	-
Nutrition Services Incentive Program	93.053	AANCNSIP	8,833	-	-
Total Aging Cluster			369,771	63,694	-
National Family Caregiver Support, Title III, Part E Services - Family Caregiver Support	93.052	AANCT3FC	25,051	1,670	-
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	AANCT3PH	2,486	439	-
Total Division of Aging and Adult Services			397,308	65,803	-
Passed-through the N.C. Dept. of Health and Human Services:					
<b>Division of Social Services:</b>					
<b>Foster Care and Adoption Cluster:</b>					
Administration:					
Adoption Assistance - Adoption Training	93.659	1701NCADPT	5,016	-	-
Adoption Assistance - Optional Adoption Training	93.659	1701NCADPT	3,895	-	-
Foster Care - Title IV-E - Child Protective Services	93.658	1701NCFOST	101,039	33,687	-
Foster Care - Title IV-E - Admin Foster Care	93.658	1701NCFOST	5,454	-	-
Foster Care - Title IV-E - Foster Care TRN	93.658	1701NCFOST	3,987	-	-
Foster Care - Title IV-E - Foster Care/Off TRN	93.658	1701NCFOST	246,673	-	-
Foster Care - Title IV-E	93.658	1701NCFOST	63,548	-	-
Direct Benefit Payments:					
Foster Care - Title IV-E - Admin County Paid	93.658	1701NCFOST	2,057	1,029	-
Foster Care - Title IV-E - Family Foster Max	93.658	1701NCFOST	186	-	-
Foster Care - Title IV-E	93.658	1701NCFOST	120,507	30,262	-
Foster Care - Title IV-E - Foster Care In Excess	93.658	1701NCFOST	7,681	1,914	-
Foster Care - Title IV-E - Max Level III	93.658	1701NCFOST	12,503	-	-
Adoption Assistance - Adoption Subsidy & Vendor	93.659	1701NCADPT	294,317	73,470	-
Total Foster Care and Adoption Cluster (Note 3)			866,863	140,362	-
<b>Special Children Adoption Fund Cluster:</b>					
Promoting Safe and Stable Families	93.556	1701NCFPSS - G1711NCFPCV	30,430	-	-
Total Special Children Adoption Fund Cluster (Note 3)			30,430	-	-
Temporary Assistance for Needy Families Cluster:					
Administration:					
Temporary Assistance for Needy Families (TANF)/ Work First	93.558	1701NCTANF	125,390	-	-
Temporary Assistance for Needy Families (TANF)/ Work First Service	93.558	1701NCTANF	680,339	-	-
Direct Benefit Payments:					
Temporary Assistance for Needy Families (TANF)/ Work First Payments & Penalties	93.558	1701NCTANF	250,294	-	-
Temporary Assistance for Needy Families (TANF)	93.558	1701NCTANF	24,000	-	-
Total Temporary Assistance for Needy Families Cluster			1,080,023	-	-
Administration:					
Chafee Foster Care Independence Program	93.674	1701NC1420	16,298	4,074	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G1701NCCWSS	33,361	-	-
Low Income Home Energy Assistance	93.568	G17B1NCLIEA	43,538	-	-
Low Income Home Energy Assistance - Payments	93.568	G17B1NCLIEA	221,700	-	-
Low Income Home Energy Assistance - Crisis Intervention Program	93.568	G17B1NCLIEA	269,089	-	-
Child Support Enforcement	93.563	1704NC4005	522,687	5	-
Direct Benefit Payments:					
Chafee Foster Care Independence Program	93.674	1701NC1420	39,142	-	-
Total Division of Social Services			3,123,131	144,441	-
<b>Administration for Children and Families</b>					
<b>Division of Social Services:</b>					
Administration:					
Social Services Block Grant - CPS TANF to SSBG	93.667	G1701NCSOSR	114,047	-	-
Social Services Block Grant - In-Home Services	93.667	G1701NCSOSR	8,545	-	-
Social Services Block Grant - In-Home Services over 60	93.667	G1701NCSOSR	2,541	3,759	-
Social Services Block Grant	93.667	G1701NCSOSR	29,363	-	-
Social Services Block Grant - Other Services and Training	93.667	G1701NCSOSR	147,858	14,659	-
Total Administration for Children and Families			302,354	18,418	-

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<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>	<u>Pass-through to Subrecipients</u>
<b>Child Care Development Fund Cluster</b>					
Division of Social Services:					
Child Care Mandatory and Matching Funds of the Child Care Development Fund - Administration	93.596	G1701NCCCDF	64,023	-	-
Division of Child Development:					
Child Care and Development Block Grant - Discretionary	93.575	536147; 536151	659,880	-	-
Child Care Mandatory and Matching Funds of the Child Care Development Fund - Mandatory	93.596	536145	267,275	-	-
Child Care Mandatory and Matching Funds of the Child Care Development Fund - Match	93.596	536148	346,286	128,742	-
Total Child Care and Development Fund Cluster			1,337,464	128,742	-
Temporary Assistance for Needy Families (TANF)	93.558	536150	266,840	-	-
Foster Care Title IV-E	93.658	536153	34,072	16,947	-
Smart Start			-	425	-
State Appropriations			-	130,218	-
TANF-MOE			-	315,391	-
Total Subsidized Child Care Program Cluster (Note 3)			1,638,376	591,723	-
<b>Center for Medicare and Medicaid Services</b>					
Passed-through the N.C. Dept. of Health and Human Services:					
<b>Medicaid Cluster:</b>					
Division of Medical Assistance:					
Administration:					
Medical Assistance Program	93.778	XIX-MAP17	31,471	6,901	-
Medical Assistance Program	93.778	XIX-MAP17	35,955	-	-
Medical Assistance Program	93.778	XIX-MAP17	100,881	-	-
Medical Assistance Program	93.778	XIX-MAP17	1,435,977	-	-
Medical Assistance Program	93.778	XIX-MAP17	60,553	-	-
Medical Assistance Program	93.778	XIX-MAP17	14,441	7,177	-
Direct Benefit Payments:					
Medical Assistance Program	93.778	XIX-MAP17	59,556,864	31,236,731	-
Total Medicaid Cluster			61,236,142	31,250,809	-
Children's Health Insurance Program - North Carolina Health Choice:					
Administration	93.767	CHIP17	35,540	58	-
Direct Benefit Payments	93.767	CHIP17	1,744,102	7,963	-
Total Division of Medical Assistance			63,015,784	31,258,830	-
<b>Administration of Children and Families</b>					
Passed-through the N.C. Dept. of Health and Human Services					
Division of Social Services					
Temporary Assistance for Needy Families	93.558	13A1-5151-T2	8,411	-	-
Total Administration of Families and Children			8,411	-	-
<b>Health Resources and Service Administration</b>					
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	1271-5318-AP, 1271-5745-AP	50,056	37,547	-
Total Health Resources and Service Administration			50,056	37,547	-
<b>Office of Population Affairs</b>					
Passed-through the N.C. Dept. of Health and Human Services					
Family Planning Services	93.217	13A1-592A-FP	23,985	-	-
Total Office of Population Affairs			23,985	-	-
<b>Center for Disease Control and Prevention</b>					
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	1264-2680-M8	51,436	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460-272A-NF, 1460-272B-NF	50	-	-
Immunization Cooperative Agreements	93.268	1331-631C-EJ	7,682	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health funds	93.539	1331-627C-VP, 1331-627D-VP, 1331-627E-VP	8,510	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health funds	93.752	1320-310D-JS, 1320-310E-JS	47,430	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	126C-5503-PF	26,708	-	-

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<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>	<b>Pass-through to Subrecipients</b>
HIV Cluster:					
HIV Prevention Activities Health Department Based	93.940	1311-981D-HV	3,000	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311-462B-NB, 1311-462C-NB	988	-	-
Total HIV Cluster (Note 3)			3,988	-	-
Total Division of Public Health			145,804	-	-
Total U.S. Department of Health and Human Services			68,708,786	32,116,762	-
Total Federal Awards			\$ 71,135,579	\$ 32,158,993	\$ -
<b>State Awards:</b>					
<u>N.C. Department of Agriculture and Consumer Services</u>					
Division of Soil & Water					
N.C. Agriculture Cost Share Funds				30,330	
Total N.C. Department of Agriculture and Consumer Services				30,330	
<u>N.C. Department of Natural and Cultural Resources</u>					
Division of State Library:					
State Aid to Public Libraries				118,507	
LSTA Grant EZ Planning NC-16-16				55,025	
LSTA Grant EZ Planning NC-16-21				19,351	
Total N.C. Department of Cultural Resources				192,883	
<u>N.C. Department of Commerce</u>					
Commerce Fellows Grant				140	
Total N.C. Department of Commerce				140	
<u>N.C. Department of Environmental Quality</u>					
Division of Waste Management					
White Goods Management Program				6,566	
Electronics Management				6,038	
Scrap Tire Fund - SWMGT				1,746	
Total N.C. Department of Environmental Quality				14,350	
<u>N.C. Department of Health and Human Services</u>					
Division of Social Services					
State Child Welfare/CPS/CS LD				141,871	
DCD Smart Start				83,570	
CWS Adopt Subsidy & Vendor Payments- Direct Benefit Payments				298,887	
Extended F/C Maximization Non Title IV-E - Direct Benefit Payments				6,106	
F/C At Risk Maximization- Direct Benefit Payments				12,945	
SAA/SAD - Direct Benefit Payments				19,125	
SC/SA Domiciliary Care Payment- Direct Benefit Payments				367,472	
SFHF Maximization- Direct Benefit Payments				23,254	
State Foster Home- Direct Benefit Payments				78,520	
Total N.C. Division of Social Services				1,031,750	
Division of Public Health					
Food and Lodging Fees				18,008	
General Aid to Counties				173,178	
General Communicable Disease Control				12,488	
Breast and Cervical Cancer Program				5,610	
Child Health				1,731	
Women's Health Service Fund				3,354	
HMHC-Family Planning				439	
Maternal Health (HMHC)				5,932	
HIV/STD State				100	
HIV/STD SSBG Aid				400	
Sexually Transmitted Diseases				1,852	
School Nurse Funding Initiative				150,000	
TB Medical Service				787	
Tuberculosis				1,825	
Electronic Health Record				20,000	
Division of Aging and Adult Services					
Passed through Centralina Council of Governments					
Administration:					
Senior Center General				10,877	
Total Division of Public Health				406,581	
Total N. C. Department of Health and Human Services				1,438,331	

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<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>	<u>Pass-through to Subrecipients</u>
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund				870,520	
Total N.C. Department of Public Instruction				870,520	
<u>N.C. Department of Public Safety</u>					
Division of Juvenile Justice					
Juvenile Crime Prevention Programs				6,302	
Administration				1,796	
JCPC Refund				27,749	
CIS Strengthening Families				16,088	
Mediation				35,918	
CIS Restitution				41,566	
CIS After School Program				20,493	
CIS Transition				15,219	
Family Centered Treatment					
Total Division of Juvenile Justice				165,131	
Total N.C. Department of Public Safety				165,131	
<u>N.C. Department of Transportation</u>					
ROAP- Employment		36236.11.6.1		19,995	
ROAP- EDTAP		36220.10.7.1		78,714	
ROAP Rural General Public Transportation		36228.22.7.1		97,515	
Total N.C. Department of Transportation				196,224	
<u>N.C. Dept. of Administration</u>					
Veterans Services				8,959	
Total N.C. Department of Administration				8,959	
<u>N.C. Information Technology Service</u>					
Lincoln County E-911 PSAP Construction				179,463	
Total N.C. Information Technology Service				179,463	
Total State awards				3,096,331	
Total Federal and State awards				\$ 71,135,579	\$ 35,255,324 \$ -

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

**Note 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, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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.

**Note Summary of Significant Accounting Policies**

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

**Note 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, Special Children Adoption Fund, Subsidized Child Care, and HIV.

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