



For the Fiscal Year Ended  
June 30, 2018



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**LINCOLN COUNTY, NORTH CAROLINA**

**LINCOLN COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**PREPARED BY  
LINCOLN COUNTY FINANCE DEPARTMENT**

**LINCOLN COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b>		
Letter of Transmittal		i - vi
Certificate of Achievement for Excellence in Financial Reporting		vii
List of Principal Officials		viii
Organizational Chart		ix
<b><u>FINANCIAL SECTION</u></b>		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 13
<b><i>Basic Financial Statements:</i></b>		
Government-Wide Financial Statements:		
Statement of Net Position	A	14
Statement of Activities	B	15 - 16
Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	17 - 18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	D	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	E	20
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	F	21
Statement of Net Position – Proprietary Funds	G	22
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	H	23
Statement of Cash Flows – Proprietary Funds	I	24 - 25
Statement of Fiduciary Net Position – Fiduciary	J	26
Notes to the Financial Statements		27 - 71
<b><i>Required Supplemental Financial Data:</i></b>	<u>Schedule</u>	
Law Enforcement Officers' Special Separation Allowance – Schedule of the Changes in Total Pension Liability and Pension Liability as a Percentage of Covered Payroll	A-1	72
Local Governmental Employees' Retirement System – Schedule of County's Proportionate Share of Net Pension Liability	A-2	73
Local Governmental Employees' Retirement System – Schedule of County's Contributions	A-3	74
Register of Deeds' Supplemental Pension Fund – Schedule of County's Proportionate Share of Net Pension Asset	A-4	75
Register of Deeds' Supplemental Pension Fund – Schedule of County's Contributions	A-5	76
Schedule of the Changes in Total OPEB Liability and Related Ratios	A-6	77

# LINCOLN COUNTY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

### TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
<b><i>Combining and Individual Fund Statements and Schedules:</i></b>		
Major Governmental Funds:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	B-1	78 – 88
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Capital Projects Fund	B-2	89
Nonmajor Governmental Funds:		
Combining Balance Sheet	C-1	90 – 91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	92 – 93
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:		
Fire Districts Fund	C-3	94
Law Enforcement Fund	C-4	95
Federal Law Enforcement Fund	C-5	96
Emergency Telephone Systems Fund	C-6	97
Emergency Telephone Systems Fund Unspent Balance PSAP Reconciliation	C-6A	98
Special Grants Fund	C-7	99
School Capital Projects Fund	C-8	100
Capital Project – Capital Reserve Fund	C-9	101
Major Enterprise Funds:		
Schedules of Revenues and Expenditures – Budget and Actual (Non-GAAP):		
Water and Sewer Fund	D-1	102 – 103
Water and Sewer Capital Fund	D-2	104
Solid Waste Fund	D-3	105 – 106
East Lincoln County Water and Sewer District Fund	D-4	107
Internal Service Funds:		
Combining Statement of Net Position	E-1	108
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	E-2	109
Combining Statement of Cash Flows	E-3	110
Schedules of Revenues and Expenditures – Financial Plan and Actual (Non-GAAP):		
Health Insurance Fund	E-4	111
Workers' Compensation Fund	E-5	112
Agency Funds:		
Combining Statement of Changes in Assets and Liabilities	F-1	113
<b><i>Other Schedules:</i></b>		
Schedule of Ad Valorem Taxes Receivable – General Fund	G-1	114
Analysis of Current Tax Levy – County-Wide Levy	G-2	115

# LINCOLN COUNTY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

### TABLE OF CONTENTS

	<u>Table</u>	<u>Page</u>
<b><u>STATISTICAL SECTION:</u></b>		
Net Position by Component	1	116
Changes in Net Position	2	117 – 119
Fund Balances, Governmental Funds	3	120
Changes in Fund Balances, Governmental Funds	4	121
Assessed Value and Actual Value of Taxable Property	5	122
Property Tax Rates – Direct and Overlapping	6	123
Principal Property Tax Payers	7	124
Property Tax Levies and Collections	8	125
Ratios of Outstanding Debt by Type	9	126
Ratios of General Bonded Debt Outstanding	10	127
Legal Debt Margin Information	11	128
Direct and Overlapping Governmental Activities Debt	12	129
Demographic and Economic Statistics	13	130
Principal Employers	14	131
Full-Time Equivalent County Government Employees by Function	15	132
Operating Indicators by Function	16	133 – 135
Capital Asset Statistics by Function	17	136
<b><u>COMPLIANCE SECTION:</u></b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		137 – 138
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act		139 – 141
Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act		142 – 144
Schedule of Findings and Questioned Costs		145 – 148
Corrective Action Plan		149
Schedule of Prior Year Audit Findings		150
Schedule of Expenditures of Federal and State Awards		151 – 155

## **INTRODUCTORY SECTION**

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- **Letter of Transmittal**
- **GOFA Certificate of Achievement**
- **Organizational Chart**
- **List of Principal Officials**

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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 14, 2018

Chairman Carroll Mitchem,  
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, 2018, 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 CPA, 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, 2018, 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, 2018, 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*, and 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 regulation, 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 of the County, including all activities considered to be part of (controlled by or dependent upon) 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 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 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 functional level for the general fund, the functional level for the special revenue funds and enterprise funds and at the project 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 30 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 object 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 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 2018 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 chose. 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 decided to use the facility as the new Lincoln County Health Department. In 2015, the Board of Commissioners approved an architect to design the facility and construction began in 2016. The facility was completed in fiscal year 2018, and the old Health Department facility was demolished.

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, were 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. 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 Utility 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 three years.

Staff and the planning board are examining existing zoning districts and how the 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 \$21,270,379 expended from the General Fund. In addition, \$253,993 was paid for capital project expenditures.

## **Other Post-Employment 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, who were employed with the County prior to July 1, 2013. 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, 2015 the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 replaced Statement No. 45. This statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. It defined the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The County implemented GASB Statement No. 75 in fiscal year 2018.

## **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, 2017. This was the twenty second 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, 2017**

*Christopher P. Morill*

Executive Director/CEO

# **LIST OF OFFICIALS**

## **BOARD OF COMMISSIONERS**

Bill Beam, Chairman  
Anita McCall, Vice Chairman  
Martin Oakes  
Carrol Mitchem  
Rich Permenter

Amy Atkins, Clerk to the Board

## **CONSTITUTIONAL OFFICERS**

Sheriff David Carpenter  
Danny Hester, Register of Deeds

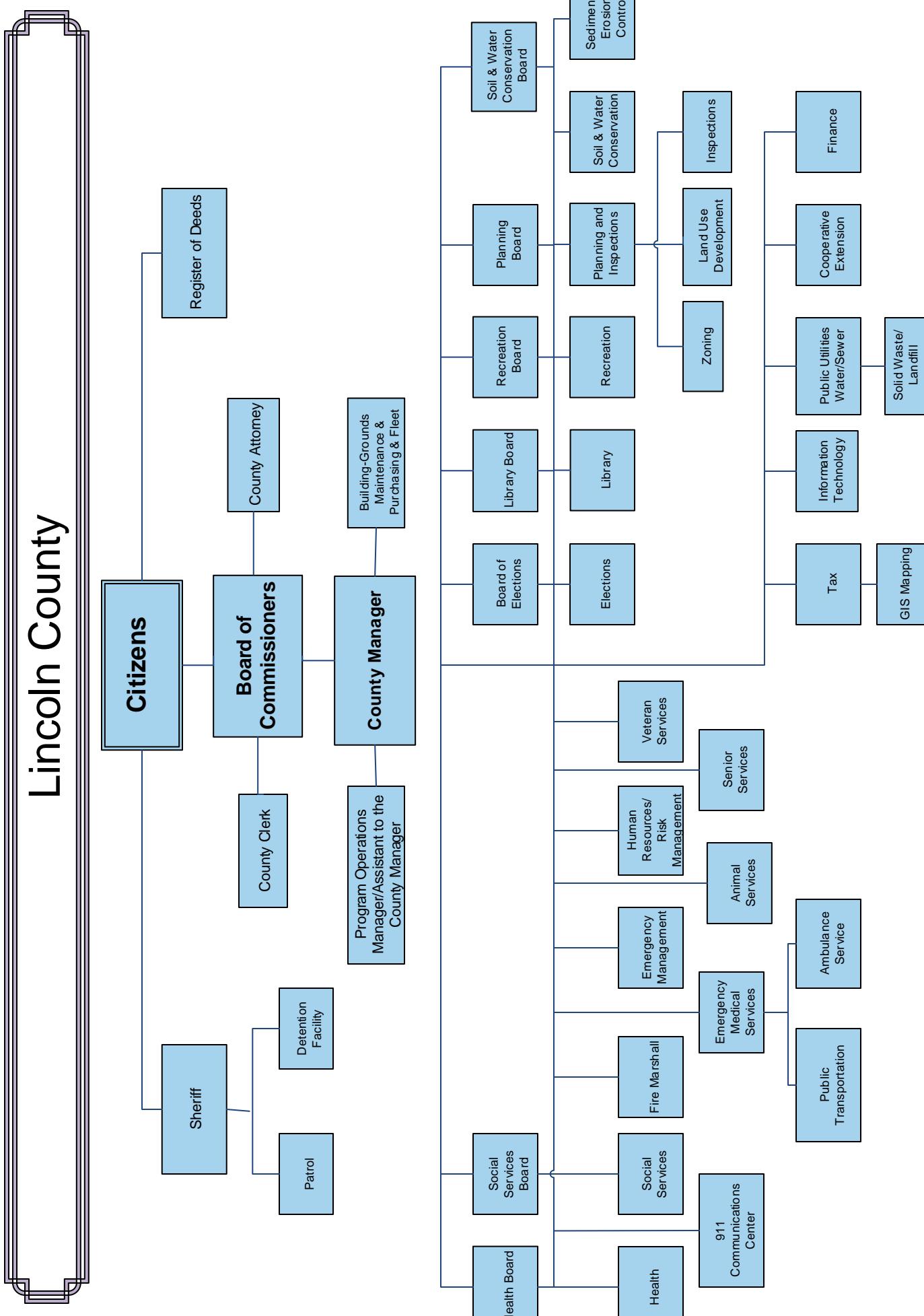
## **COUNTY ADMINISTRATION**

Kelly G. Atkins, County Manager  
Joshua Grant, Program Manager/Assistant to County Manager  
Deanna Rios, CPA, Finance Director  
Scott Cook, Deputy Finance Director  
Candy Burgin, Human Resources Director

## **DEPARTMENT MANAGERS**

Andrew Bryant, Director of Planning and Inspections  
Don Chamblee, P.E., Director of Public Works  
Maggie Dollar, Health Director  
Rodney Emmett, Fire Marshal  
John Henry, Director of Buildings and Maintenance  
Tom Dyson, Director of NC Cooperative Extension Office  
Kathryn Saine, Senior Services Director  
John Davis, Parks & Recreation Director  
Susan Sain, Tax Administrator  
Tony Carpenter, Director of Social Services  
Patty Dellinger, Soil & Water Conservation Manager  
Dante' Patterson, Director of Information Technology  
Bradley Putnam, Director of Elections  
Alex Patton, Veterans Services Officer  
Ron Rombs, Director of EMS & Transportation Lincoln County  
Jennifer Sackett, PhD, Library Director  
Hannah Beaver, Animal Services Director  
Bill Gibbs, Communications Director  
Bill Summers, Emergency Management Director

## Lincoln County



## **FINANCIAL SECTION**

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- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Notes to the Financial Statements**
- **Required Supplementary Information**
- **Combining, Individual Fund Financial Statements and Schedules**

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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, 2018, 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 98.7 percent, 98.6 percent, and 99.5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us; and our opinion, insofar as it relates to the amounts included for the 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

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, 2018, 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.

## **Change in Accounting Principle**

As discussed in Note 20 to the financial statements, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. Our opinion is not modified with respect to this matter.

## **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 Changes in Total OPEB Liability and Related Ratios, 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 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 14, 2018 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 14, 2018

## **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, 2018. 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.

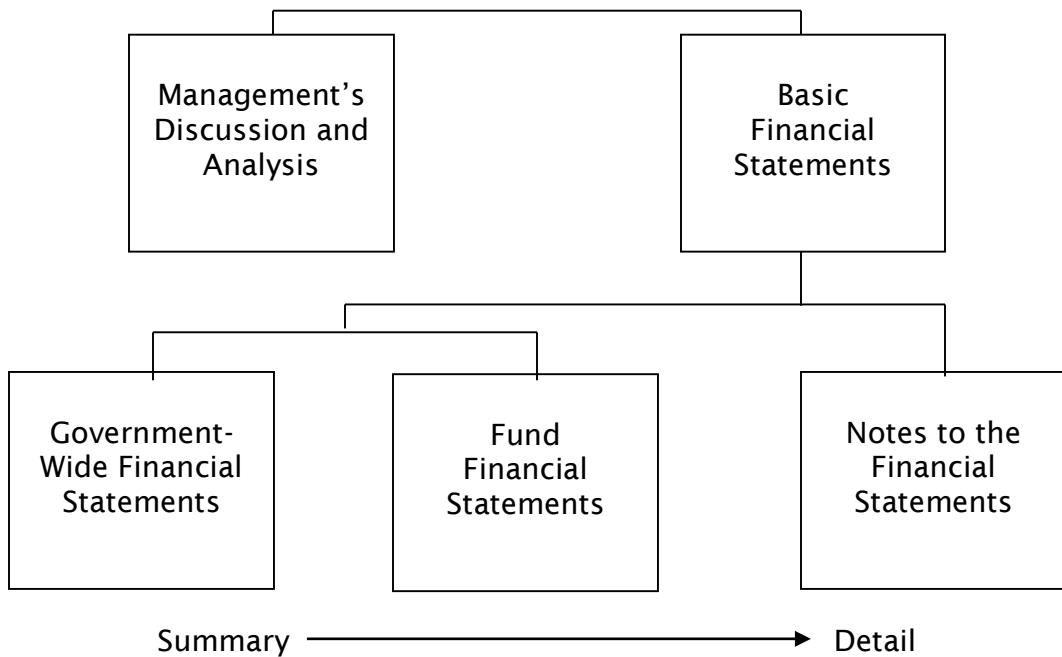
### **Financial Highlights**

- 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 \$58,565,111 (*net position*).
- Current year expansion of the sales tax and departments being conservative spending were the primary factors contributing to the increase in the government's total net position of \$18,820,075.
- At the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$43,676,908, an increase of \$6,974,299, in comparison with the prior year amount. This increase was primarily due to the increase in sales tax revenue. Approximately 37.03% of this amount, or \$16,172,519, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$26,970,285, or 28.54%, of total General Fund expenditures for the fiscal year.
- Lincoln County's total debt decreased by (\$3,723,792), or 2.02%, during the current fiscal year. The key factor in this decrease was the decrease in OPEB liability.
- Standard and Poor's Corporation 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 of North Carolina can also 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, 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 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.

**Proprietary Funds.** Lincoln County has two different kinds of proprietary funds. *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. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of Lincoln County. The County uses internal service funds to account for health insurance and workers' compensation. Because these operations benefit predominantly governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide financial statements.

**Fiduciary Funds.** Fiduciary funds are used to account for 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	
	2018	2017	2018	2017	2018	2017
<b>Assets:</b>						
Current and other assets	\$ 54,379,200	\$ 46,577,086	\$ 26,432,382	\$ 24,361,227	\$ 80,811,582	\$ 70,938,313
Capital assets	76,841,527	67,148,038	84,308,429	81,757,926	161,149,956	148,905,964
Total assets	131,220,727	113,725,124	110,740,811	106,119,153	241,961,538	219,844,277
Deferred outflows of resources	8,207,102	8,466,459	646,698	1,133,055	8,853,800	9,599,514
<b>Liabilities:</b>						
Long-term liabilities						
outstanding	144,194,305	114,602,497	36,475,460	36,080,024	180,669,765	150,682,521
Other liabilities	5,347,284	4,618,984	881,834	1,280,633	6,229,118	5,899,617
Total liabilities	149,541,589	119,221,481	37,357,294	37,360,657	186,898,883	156,582,138
Deferred inflows of resources	4,911,429	689,122	439,915	59,633	5,351,344	748,755
<b>Net Position:</b>						
Net investment in capital assets	59,504,444	58,995,204	64,708,737	61,048,458	124,213,181	120,043,662
Restricted	14,351,029	12,339,420	-	-	14,351,029	12,339,420
Unrestricted	(88,880,662)	(69,053,644)	8,881,563	8,783,460	(79,999,099)	(60,270,184)
Total net position	<u>\$ (15,025,189)</u>	<u>\$ 2,280,980</u>	<u>\$ 73,590,300</u>	<u>\$ 69,831,918</u>	<u>\$ 58,565,111</u>	<u>\$ 72,112,898</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 \$58,565,111, as of June 30, 2018. The County's net position increased by \$18,820,075, for the fiscal year ended June 30, 2018. One of the largest portion, \$124,213,181, 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. An additional portion of the County's net position, \$14,351,029, represents resources that are subject to external restrictions on how they may be used.

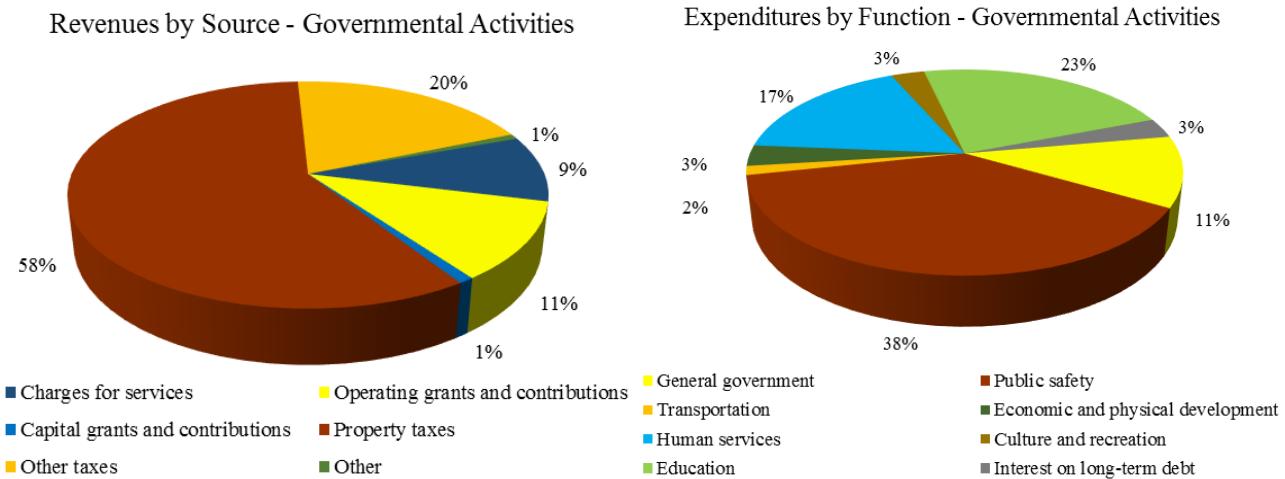
Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 98.78%.
- Long-term liabilities increased 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 and because of the recognition of the OPEB liability due to implementation of GASB Statement 75.
- A slight increase in ad valorem tax revenue with an increase in sales tax revenue due to a general increase in retail sales in the 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	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 10,210,647	\$ 9,303,997	\$ 18,253,989	\$ 18,104,438	\$ 28,464,636	\$ 27,408,435
Operating grants and contributions	12,033,946	13,272,252	-	-	12,033,946	13,272,252
Capital grants and contributions	961,153	898,477	3,689,013	10,000	4,650,166	908,477
General revenues:						
Property taxes	63,264,202	60,610,716	4,282	23,339	63,268,484	60,634,055
Other taxes	21,172,947	20,521,162	-	-	21,172,947	20,521,162
Other	848,037	472,714	258,768	67,004	1,106,805	539,718
Total revenues	<u>108,490,932</u>	<u>105,079,318</u>	<u>22,206,052</u>	<u>18,204,781</u>	<u>130,696,984</u>	<u>123,284,099</u>
<b>Expenses:</b>						
General government	10,667,024	19,017,062	-	-	10,667,024	19,017,062
Public safety	36,616,054	29,972,508	-	-	36,616,054	29,972,508
Transportation	1,345,334	217,002	-	-	1,345,334	217,002
Economic and physical development	3,122,049	1,850,463	-	-	3,122,049	1,850,463
Culture and recreation	2,812,043	2,133,169	-	-	2,812,043	2,133,169
Education	21,728,113	20,222,666	-	-	21,728,113	20,222,666
Human services	16,391,679	17,149,240	-	-	16,391,679	17,149,240
Interest on long-term debt	2,964,799	2,940,263	-	-	2,964,799	2,940,263
Water and sewer	-	-	10,173,450	9,637,889	10,173,450	9,637,889
Solid waste	-	-	6,056,364	6,038,674	6,056,364	6,038,674
Total expenses	<u>95,647,095</u>	<u>93,502,373</u>	<u>16,229,814</u>	<u>15,676,563</u>	<u>111,876,909</u>	<u>109,178,936</u>
Change in net position	<u>12,843,837</u>	<u>11,576,945</u>	<u>5,976,238</u>	<u>2,528,218</u>	<u>18,820,075</u>	<u>14,105,163</u>
<b>Net Position</b>						
Beginning of year - July 1	2,280,980	(8,281,644)	69,831,918	67,303,700	72,112,898	59,022,056
Prior period adjustment	(30,150,006)	(1,014,321)	(2,217,856)	-	(32,367,862)	(1,014,321)
Beginning net position, restated	<u>(27,869,026)</u>	<u>(9,295,965)</u>	<u>67,614,062</u>	<u>67,303,700</u>	<u>39,745,036</u>	<u>58,007,735</u>
End of year - June 30	<u><u>\$(15,025,189)</u></u>	<u><u>\$ 2,280,980</u></u>	<u><u>\$ 73,590,300</u></u>	<u><u>\$ 69,831,918</u></u>	<u><u>\$ 58,565,111</u></u>	<u><u>\$ 72,112,898</u></u>

**Governmental Activities.** Governmental activities increased the County's net position by \$12,843,837. The key elements of this increase in 2018 were increased revenues from property taxes, sales taxes and investment earnings.



**Business-type Activities.** Business-type activities increased Lincoln County's net position by \$5,976,238. The business-type activities increase was primarily related to capital contributions.

### Financial Analysis of the County's Fund

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 fund 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 \$31,820,139, while total fund balance reached \$38,479,554. 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 33.7% of total General Fund expenditures, while total fund balance represents 40.7% of the same amount. This slight percentage increase is the result of increased revenues, primarily 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 \$3,855,398, an increase of \$3,276,607. The increase is attributed to revenues and other financing resources exceeding expenditures and other financing uses. Of this increase, unexpended debt proceeds amount to \$1,791,596 for the Hospital Renovations and VIPER projects. The remaining increase was unexpended transfers from the General Fund for various projects.

At June 30, 2018, the governmental funds of Lincoln County reported a combined fund balance of \$43,676,908 a 19% increase from last year. A decrease in School Capital Projects Fund and Capital Reserve Fund was offset by increases in the General Fund and General Capital Projects 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 by \$1,816,280. The largest part of this increase, \$1,213,030, was to increase General Government for retiree benefits and purchase of equipment for Information Technology. 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 Water and Sewer Fund equaled \$14,806,118, the Solid Waste Fund at the end of the fiscal year amounted to (\$5,932,267), and those for the East Lincoln County Water and Sewer District equaled \$7,712. The total change in net position for the three funds was \$7,313,250, (\$1,173,760), and (\$163,252), respectively. The increase in the Water and Sewer Fund is primarily due to a capital contribution of water lines, as well as increases in new customer accounts and capacity fee payments. Other factors concerning the finances of these funds have already been addressed in the discussion of Lincoln County's business-type activities.

### Capital Asset and Debt Administration

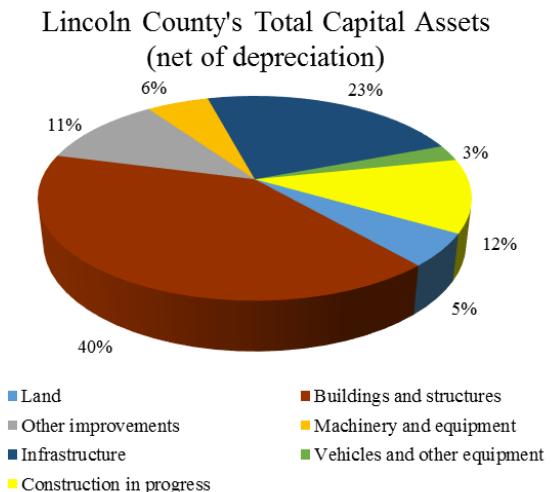
**Capital Assets.** Lincoln County's capital assets for its governmental and business-type activities as of June 30, 2018 totals \$161,149,956 (net of accumulated depreciation). These assets include land, buildings, water and sewer lines, treatment facilities, machinery and equipment, park facilities and vehicles.

Major capital asset transactions during the year include:

- Rescue Park construction was completed.
- Renovation of old jail for North Carolina Department of Public Safety officers.
- East Lincoln Community Center was renovated and expanded.
- Construction of Rock Springs Park.

**Lincoln County's Capital Assets  
(net of depreciation)**  
**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 6,898,255	\$ 6,878,034	\$ 1,469,075	\$ 1,469,075	\$ 8,367,330	\$ 8,347,109
Buildings and structures	34,442,245	32,076,790	30,778,418	32,362,534	65,220,663	64,439,324
Other improvements	12,295,766	9,724,459	5,870,208	6,287,667	18,165,974	16,012,126
Machinery and equipment	5,200,899	3,480,806	3,715,142	3,027,350	8,916,041	6,508,156
Infrastructure	-	-	37,722,504	35,826,568	37,722,504	35,826,568
Vehicles and other equipment	4,076,457	3,859,950	-	-	4,076,457	3,859,950
Construction in progress	13,927,905	11,127,999	4,753,082	2,784,732	18,680,987	13,912,731
Total	<u>\$ 76,841,527</u>	<u>\$ 67,148,038</u>	<u>\$ 84,308,429</u>	<u>\$ 81,757,926</u>	<u>\$161,149,956</u>	<u>\$148,905,964</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, 2018, Lincoln County had total bonded debt outstanding of \$55,224,000, all of which is debt backed by the full faith and credit of the County.

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

**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 55,224,000	\$ 61,235,000	\$ -	\$ -	\$ 55,224,000	\$ 61,235,000

Lincoln County's total bonded debt decreased by \$6,011,000, or 9.82%, during the past fiscal year, primarily due to paying off debt.

As mentioned in the financial highlight 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 an 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 \$640,976,000.

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's unemployment rate for 2017-2018 averaged approximately 3.7%, slightly lower than the State average of 4.2%.
- 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 4<sup>th</sup> 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 tax rate of \$0.611 per \$100 of valuation is the 4<sup>th</sup> lowest tax rate of adjoining counties and we have the 3<sup>rd</sup> lowest tax rate among similar counties in North Carolina.
- 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, 2019**

**Governmental Activities.** The County adopted a General Fund budget in the amount of \$102,884,364 for the fiscal year ended June 30, 2019, an increase of \$2,534,809, or 2.53%, from the fiscal year 2018 budget. The majority of the budget increases were in Public Safety and Education. The property tax levy remained at \$.611 per \$100 valuation.

**Business-type Activities.** The water and sewer rates in the County increased by 5% and 10%, respectively, to assist in offsetting debt to be issued for capital projects planned for the Water Treatment Plant expansion, expansion of the Wastewater Treatment Plant and various improvements to water and sewer lines.

## **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.

## **BASIC FINANCIAL STATEMENTS**

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The Basic Financial Statements present a condensed overview of the financial position and results of operations of the County as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

Included within the Basic Financial Statements are notes intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

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## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Lincoln County ABC Board	Lincoln Community Friends
<b>Assets:</b>					
Cash and cash equivalents	\$ 42,286,221	\$ 24,771,895	\$ 67,058,116	\$ 298,732	\$ 24,488
Taxes receivable (net)	1,173,498	1,509	1,175,007	-	-
Accounts receivable (net)	2,181,771	1,368,578	3,550,349	-	-
Due from other governments	4,465,052	176,125	4,641,177	-	-
Inventory	-	-	-	308,925	-
Prepaid items	571,739	1,910	573,649	701	-
Cash and cash equivalents, restricted	3,542,345	112,365	3,654,710	-	-
Net pension asset	158,574	-	158,574	-	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	20,826,160	6,222,157	27,048,317	308,381	-
Other assets, net of depreciation	56,015,367	78,086,272	134,101,639	885,788	-
Total assets	<u>131,220,727</u>	<u>110,740,811</u>	<u>241,961,538</u>	<u>1,802,527</u>	<u>24,488</u>
<b>Deferred Outflows of Resources:</b>					
Pension deferrals	5,388,614	510,552	5,899,166	24,535	-
OPEB deferrals	1,376,584	136,146	1,512,730	-	-
Deferred charges, net	1,441,904	-	1,441,904	-	-
Total deferred outflows of resources	<u>8,207,102</u>	<u>646,698</u>	<u>8,853,800</u>	<u>24,535</u>	<u>-</u>
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	5,048,693	769,469	5,818,162	35,520	-
Prepaid fees	5,001	-	5,001	-	-
Liabilities to be paid from restricted assets	293,590	112,365	405,955	-	-
Long-term liabilities:					
Net pension liability (LGERS)	6,779,446	670,495	7,449,941	14,361	-
Total pension liability (LEOSSA)	2,320,148	-	2,320,148	-	-
Total OPEB liability	46,592,080	4,608,007	51,200,087	-	-
Due within one year	10,593,649	1,532,218	12,125,867	-	-
Due in more than one year	77,908,982	29,664,740	107,573,722	-	-
Total liabilities	<u>149,541,589</u>	<u>37,357,294</u>	<u>186,898,883</u>	<u>49,881</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>					
Prepaid taxes	366,172	-	366,172	-	-
Pension deferrals	402,529	30,195	432,724	407	-
OPEB deferrals	4,142,728	409,720	4,552,448	-	-
Total deferred inflows of resources	<u>4,911,429</u>	<u>439,915</u>	<u>5,351,344</u>	<u>407</u>	<u>-</u>
<b>Net Position:</b>					
Net investment in capital assets	59,504,444	64,708,737	124,213,181	1,194,169	-
Restricted for Stabilization by State statute	12,432,151	-	12,432,151	-	-
Restricted for Register of Deeds	46,674	-	46,674	-	-
Restricted for Register of Deeds' pension plan	198,237	-	198,237	-	-
Restricted for public safety	141,568	-	141,568	-	-
Restricted for transportation	52,828	-	52,828	-	-
Restricted for culture and recreation	24,015	-	24,015	-	-
Restricted for education	1,455,556	-	1,455,556	-	-
Restricted for working capital	-	-	-	115,732	-
Unrestricted	(88,880,662)	8,881,563	(79,999,099)	466,873	24,488
Total net position	<u>\$ (15,025,189)</u>	<u>\$ 73,590,300</u>	<u>\$ 58,565,111</u>	<u>\$ 1,776,774</u>	<u>\$ 24,488</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, 2018**

Functions/Programs:	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General government	\$ 10,667,024	\$ 1,775,703	\$ 629,541	\$ 261,168	
Public safety	36,616,054	6,217,560	1,743,045	75,000	
Transportation	1,345,334	774,363	297,422	48,985	
Economic and physical development	3,122,049	660,641	90,036	-	
Culture and recreation	2,812,043	142,589	297,809	-	
Education	21,728,113	-	-	576,000	
Human services	16,391,679	639,791	8,976,093	-	
Interest and fees	2,964,799	-	-	-	
Total governmental activities	<u>95,647,095</u>	<u>10,210,647</u>	<u>12,033,946</u>	<u>961,153</u>	
<b>Business-Type Activities:</b>					
Water and sewer	10,173,450	13,458,546	-	3,689,013	
Solid waste	6,056,364	4,795,443	-	-	
Total business-type activities	<u>16,229,814</u>	<u>18,253,989</u>	<u>-</u>	<u>3,689,013</u>	
Total primary government	<u><u>\$111,876,909</u></u>	<u><u>\$ 28,464,636</u></u>	<u><u>\$ 12,033,946</u></u>	<u><u>\$ 4,650,166</u></u>	
<b>Component Units:</b>					
Lincoln County ABC Board	\$ 3,649,115	\$ 3,928,243	\$ -	\$ -	
Lincoln Community Friends	6,923	-	18,500	-	
Total component units	<u>\$ 3,656,038</u>	<u>\$ 3,928,243</u>	<u>\$ 18,500</u>	<u>\$ -</u>	

**LINCOLN COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs:	Net (Expense)Revenue and Changes in Net Position			Component Units	
	Primary Government				
	Governmental Activities	Business-Type Activities	Total	County ABC Board	Community Friends
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General government	\$ (8,000,612)	\$ -	\$ (8,000,612)		
Public safety	(28,580,449)	-	(28,580,449)		
Transportation	(224,564)	-	(224,564)		
Economic and physical development	(2,371,372)	-	(2,371,372)		
Culture and recreation	(2,371,645)	-	(2,371,645)		
Education	(21,152,113)	-	(21,152,113)		
Human services	(6,775,795)	-	(6,775,795)		
Interest and fees	(2,964,799)	-	(2,964,799)		
Total governmental activities	<u>(72,441,349)</u>	<u>-</u>	<u>(72,441,349)</u>		
<b>Business-Type Activities:</b>					
Water and sewer	-	6,974,109	6,974,109		
Solid waste	-	(1,260,921)	(1,260,921)		
Total business-type activities	<u>-</u>	<u>5,713,188</u>	<u>5,713,188</u>		
Total primary government	<u><u>\$ (72,441,349)</u></u>	<u><u>\$ 5,713,188</u></u>	<u><u>\$ (66,728,161)</u></u>		
<b>Component Units:</b>					
Lincoln County ABC Board				\$ 279,128	\$ -
Lincoln Community Friends				<u>-</u>	<u>11,577</u>
Total component units				<u><u>\$ 279,128</u></u>	<u><u>\$ 11,577</u></u>
<b>General Revenues:</b>					
Ad valorem taxes	63,264,202	4,282	63,268,484	-	-
Local option sales tax	19,376,365	-	19,376,365	-	-
Utility franchise tax	218,729	-	218,729	-	-
Real estate transfer tax	1,404,356	-	1,404,356	-	-
Other taxes	173,497	-	173,497	-	-
Unrestricted intergovernmental	309,222	-	309,222	-	-
Investment earnings	538,815	258,768	797,583	548	-
Total general revenues	<u>85,285,186</u>	<u>263,050</u>	<u>85,548,236</u>	<u>548</u>	<u>-</u>
Change in net position	12,843,837	5,976,238	18,820,075	279,676	11,577
Net position, beginning, previously reported	2,280,980	69,831,918	72,112,898	1,497,098	12,911
Restatement	<u>(30,150,006)</u>	<u>(2,217,856)</u>	<u>(32,367,862)</u>	<u>-</u>	<u>-</u>
Net position, beginning, restated	<u>(27,869,026)</u>	<u>67,614,062</u>	<u>39,745,036</u>	<u>1,497,098</u>	<u>12,911</u>
Net position, ending	<u><u>\$ (15,025,189)</u></u>	<u><u>\$ 73,590,300</u></u>	<u><u>\$ 58,565,111</u></u>	<u><u>\$ 1,776,774</u></u>	<u><u>\$ 24,488</u></u>

**LINCOLN COUNTY, NORTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<b>Major Funds</b>		<b>Nonmajor Funds</b>		<b>Total Governmental Funds</b>	
	<b>General Fund</b>		<b>Other Governmental Funds</b>			
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>			
<b>Assets:</b>						
Cash and cash equivalents	\$ 34,152,039	\$ 2,022,268	\$ 1,171,571	\$ 37,345,878		
Taxes receivable, net	1,030,975	-	142,523	1,173,498		
Accounts receivable, net	1,837,145	1,602	341,097	2,179,844		
Due from other governments	4,094,483	360,806	9,763	4,465,052		
Prepaid items	226,528	-	-	226,528		
Cash and cash equivalents, restricted	1,457,159	2,085,186	-	3,542,345		
<b>Total assets</b>	<b>\$ 42,798,329</b>	<b>\$ 4,469,862</b>	<b>\$ 1,664,954</b>	<b>\$ 48,933,145</b>		
<b>Liabilities:</b>						
Accounts payable and other accrued liabilities	\$ 2,574,568	\$ 320,874	\$ 178,124	\$ 3,073,566		
Prepaid fees	2,650	-	2,351	5,001		
Liabilities to be paid from restricted assets	-	293,590	-	293,590		
<b>Total liabilities</b>	<b>2,577,218</b>	<b>614,464</b>	<b>180,475</b>	<b>3,372,157</b>		
<b>Deferred Inflows of Resources:</b>						
Unavailable taxes	1,030,975	-	142,523	1,173,498		
Prepaid taxes	366,172	-	-	366,172		
Unavailable revenue	344,410	-	-	344,410		
<b>Total deferred inflows of resources</b>	<b>1,741,557</b>	<b>-</b>	<b>142,523</b>	<b>1,884,080</b>		
<b>Fund Balances:</b>						
Non-spendable:						
Prepaid items	226,528	-	-	226,528		
Restricted:						
Stabilization for State statute	6,432,887	3,989,577	2,009,687	12,432,151		
Register of Deeds	46,674	-	-	46,674		
Public safety	1,603	424,290	141,568	567,461		
Transportation	-	-	52,828	52,828		
Culture and recreation	-	-	24,015	24,015		
Education	1,455,556	-	-	1,455,556		
Human services	-	1,367,306	-	1,367,306		
Committed	-	-	556,532	556,532		
Assigned	3,346,021	-	-	3,346,021		
Unassigned	26,970,285	(1,925,775)	(1,442,674)	23,601,836		
<b>Total fund balances</b>	<b>38,479,554</b>	<b>3,855,398</b>	<b>1,341,956</b>	<b>43,676,908</b>		
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 42,798,329</b>	<b>\$ 4,469,862</b>	<b>\$ 1,664,954</b>			

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

**LINCOLN COUNTY, NORTH CAROLINA**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<b>Total Governmental Funds</b>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total Fund Balance, Governmental Funds	43,676,908
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	76,841,527
Deferred charges related to advance refunding of long-term debt are not current financial resources and, therefore, are not reported in the funds.	
Deferred cost of refunding	\$ 1,958,809
Less accumulated amortization	<u>(516,905)</u>
	1,441,904
Net pension asset - ROD	158,574
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	2,179,605
Total pension liability - LEOSSA	(2,320,148)
Net pension liability - LGERS	(6,779,446)
Total OPEB liability	(46,592,080)
Pension related deferrals	2,806,480
OPEB related deferrals	(2,766,144)
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(88,502,631)
Accrual of interest payable for debt reported in the Statement of Net Position does not require the use of current financial resources and, therefore, is not reported in the funds.	(305,931)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end.	1,517,908
An Internal Service Fund is used by management to charge insurance costs to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	<u>3,618,285</u>
Net position of governmental activities, per Exhibit A	<u>\$ (15,025,189)</u>

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

## LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Ad valorem taxes	\$ 55,972,065	\$ -	\$ 7,762,042	\$ 63,734,107
Local option sales taxes	19,376,365	-	-	19,376,365
Other taxes and licenses	1,796,582	-	-	1,796,582
Unrestricted intergovernmental revenues	309,222	-	-	309,222
Restricted intergovernmental revenues	10,644,224	336,168	1,494,622	12,475,014
Permits and fees	3,338,692	-	-	3,338,692
Sales, service, and rents	5,494,319	-	-	5,494,319
Miscellaneous	1,725,145	133	100,000	1,825,278
Investment earnings	439,837	35,165	12,201	487,203
<b>Total revenues</b>	<b>99,096,451</b>	<b>371,466</b>	<b>9,368,865</b>	<b>108,836,782</b>
<b>Expenditures:</b>				
Current:				
General government	12,030,635	-	-	12,030,635
Public safety	26,843,151	-	8,553,940	35,397,091
Transportation	1,209,175	-	55,966	1,265,141
Economic and physical development	2,931,398	-	-	2,931,398
Culture and recreation	2,206,786	-	118,684	2,325,470
Education	21,474,121	-	-	21,474,121
Human services	15,754,804	-	13,476	15,768,280
Capital outlay	-	9,616,447	253,992	9,870,439
Debt service:				
Principal repayments	9,200,850	-	-	9,200,850
Interest	2,850,383	-	-	2,850,383
<b>Total expenditures</b>	<b>94,501,303</b>	<b>9,616,447</b>	<b>8,996,058</b>	<b>113,113,808</b>
Revenues over (under) expenditures	4,595,148	(9,244,981)	372,807	(4,277,026)
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	13,393,104	10,935,896	-	24,329,000
Payment to refunding bond escrow agent	(13,016,852)	-	-	(13,016,852)
Discount received from issuance of long-term debt	(60,823)	-	-	(60,823)
Transfers from other funds	625,816	1,608,908	18,290	2,253,014
Transfers to other funds	(1,627,198)	(23,216)	(602,600)	(2,253,014)
<b>Total other financing sources (uses)</b>	<b>(685,953)</b>	<b>12,521,588</b>	<b>(584,310)</b>	<b>11,251,325</b>
Net change in fund balances	3,909,195	3,276,607	(211,503)	6,974,299
<b>Fund balances, beginning</b>	<b>34,570,359</b>	<b>578,791</b>	<b>1,553,459</b>	<b>36,702,609</b>
<b>Fund balances, ending</b>	<b>\$ 38,479,554</b>	<b>\$ 3,855,398</b>	<b>\$ 1,341,956</b>	<b>\$ 43,676,908</b>

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, 2018

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) \$ 6,974,299

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. 13,188,296

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (3,444,807)

Capital assets disposed of during the year not recognized on the modified accrual basis. (50,000)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 2,136,741

Benefit payments and administrative costs for LEOSSA are not included on the Statement of Activities 42,864

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities 1,121,067

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 (469,905)  
Other fees for service 72,444

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences (166,666)  
Pension expense (2,537,496)  
OPEB plan expense (2,431,072)

Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities. 9,200,850

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. (254,589)

The net revenue of certain activities of the Internal Service Fund is reported with governmental activities. 713,136

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. (11,251,325)

Change in net position of governmental activities \$ 12,843,837

*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, 2018

	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 56,300,000	\$ 56,300,000	\$ 55,972,065	\$ (327,935)
Local option sales taxes	16,153,000	16,865,966	19,376,365	2,510,399
Other taxes and licenses	1,346,000	1,346,000	1,796,582	450,582
Unrestricted intergovernmental revenues	307,000	307,000	309,222	2,222
Restricted intergovernmental revenues	12,067,823	12,257,589	10,644,224	(1,613,365)
Permits and fees	2,611,360	2,813,360	3,338,692	525,332
Sales, service, and rents	4,973,188	5,360,009	5,494,319	134,310
Miscellaneous	895,547	1,096,249	1,725,145	628,896
Investment earnings	80,000	204,025	439,837	235,812
Total revenues	<u>94,733,918</u>	<u>96,550,198</u>	<u>99,096,451</u>	<u>2,546,253</u>
<b>Expenditures:</b>				
Current:				
General government	11,007,633	12,220,663	12,030,635	190,028
Public safety	27,011,197	28,044,031	26,843,151	1,200,880
Transportation	1,181,117	1,256,117	1,209,175	46,942
Economic and physical development	3,251,363	3,355,399	2,931,398	424,001
Culture and recreation	2,359,185	2,409,003	2,206,786	202,217
Education	21,424,121	21,474,121	21,474,121	-
Human services	18,830,154	19,265,092	15,754,804	3,510,288
Debt service:				
Principal	9,000,270	9,200,850	9,200,850	-
Interest and fees	3,460,865	3,756,635	2,850,383	906,252
Total expenditures	<u>97,525,905</u>	<u>100,981,911</u>	<u>94,501,303</u>	<u>6,480,608</u>
Revenues over (under) expenditures	<u>(2,791,987)</u>	<u>(4,431,713)</u>	<u>4,595,148</u>	<u>9,026,861</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	-	13,393,104	13,393,104	-
Payment to refunding bond escrow agent	-	(13,016,852)	(13,016,852)	-
Discount received from issuance of long-term debt	-	(60,823)	(60,823)	-
Transfers from other funds	600,000	625,816	625,816	-
Transfers to other funds	(1,213,250)	(1,628,158)	(1,627,198)	960
Fund balance appropriated	3,405,237	5,118,626	-	(5,118,626)
Total other financing sources (uses)	<u>2,791,987</u>	<u>4,431,713</u>	<u>(685,953)</u>	<u>(5,117,666)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,909,195</u>	<u>\$ 3,909,195</u>
<b>Fund balance, beginning of year</b>			<u>34,570,359</u>	
<b>Fund balance, end of year</b>			<u>\$ 38,479,554</u>	

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

## LINCOLN COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

JUNE 30, 2018

	Business-Type Activities				
	Water and Sewer Fund	Solid Waste Fund	East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Funds
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 17,083,004	\$ 7,682,688	\$ 6,203	\$ 24,771,895	\$ 4,940,343
Taxes receivable, net	-	-	1,509	1,509	-
Accounts receivable, net	1,096,583	271,995	-	1,368,578	1,927
Due from other governments	129,852	46,273	-	176,125	-
Prepaid items	1,445	465	-	1,910	345,211
Cash and cash equivalents, restricted	108,800	3,565	-	112,365	-
Total current assets	<u>18,419,684</u>	<u>8,004,986</u>	<u>7,712</u>	<u>26,432,382</u>	<u>5,287,481</u>
Capital assets:					
Non-depreciable capital assets	5,581,509	640,648	-	6,222,157	-
Depreciable capital assets, net	70,057,419	8,028,853	-	78,086,272	-
Total non-current assets	<u>75,638,928</u>	<u>8,669,501</u>	<u>-</u>	<u>84,308,429</u>	<u>-</u>
Total assets	<u>94,058,612</u>	<u>16,674,487</u>	<u>7,712</u>	<u>110,740,811</u>	<u>5,287,481</u>
<b>Deferred Outflows of Resources:</b>					
Pension deferrals	283,640	226,912	-	510,552	-
OPEB deferrals	75,637	60,509	-	136,146	-
Total deferred outflows of resources	<u>359,277</u>	<u>287,421</u>	<u>-</u>	<u>646,698</u>	<u>-</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and other accrued liabilities	588,886	180,583	-	769,469	1,669,196
Current portion of compensated absences	46,506	26,444	-	72,950	-
Current portion of long-term debt	1,344,110	115,158	-	1,459,268	-
Liabilities to be paid from restricted assets:					
Customer deposits	108,800	3,565	-	112,365	-
Total current liabilities	<u>2,088,302</u>	<u>325,750</u>	<u>-</u>	<u>2,414,052</u>	<u>1,669,196</u>
Non-current liabilities:					
Accrued landfill closure/post-closure care costs	-	11,415,000	-	11,415,000	-
Compensated absences	51,753	57,563	-	109,316	-
Net pension liability	372,497	297,998	-	670,495	-
Total OPEB liability	2,560,004	2,048,003	-	4,608,007	-
Long-term debt	15,341,313	2,799,111	-	18,140,424	-
Total non-current liabilities	<u>18,325,567</u>	<u>16,617,675</u>	<u>-</u>	<u>34,943,242</u>	<u>-</u>
Total liabilities	<u>20,413,869</u>	<u>16,943,425</u>	<u>-</u>	<u>37,357,294</u>	<u>1,669,196</u>
<b>Deferred Inflows of Resources:</b>					
Pension deferrals	16,775	13,420	-	30,195	-
OPEB deferrals	227,622	182,098	-	409,720	-
Total deferred inflows of resources	<u>244,397</u>	<u>195,518</u>	<u>-</u>	<u>439,915</u>	<u>-</u>
<b>Net Position:</b>					
Net investment in capital assets	58,953,505	5,755,232	-	64,708,737	-
Unrestricted	14,806,118	(5,932,267)	7,712	8,881,563	3,618,285
Total net position	<u>\$ 73,759,623</u>	<u>\$ (177,035)</u>	<u>\$ 7,712</u>	<u>\$ 73,590,300</u>	<u>\$ 3,618,285</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, 2018**

	Business-Type Activities				
	Water and Sewer Fund	Solid Waste Fund	East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Funds
<b>Operating Revenues:</b>					
Charges for services	\$ 12,883,489	\$ 937,178	\$ -	\$ 13,820,667	\$ -
Water and sewer taps	448,115	-	-	448,115	-
Other operating revenues	26,550	-	-	26,550	9,399,374
Total operating revenues	<u>13,358,154</u>	<u>937,178</u>	<u>-</u>	<u>14,295,332</u>	<u>9,399,374</u>
<b>Operating Expenses:</b>					
Water treatment and maintenance	3,834,600	-	-	3,834,600	-
Sewage collection	2,446,856	-	-	2,446,856	-
Landfill operations	-	3,444,459	-	3,444,459	-
Landfill closure and post-closure costs	-	1,572,912	-	1,572,912	-
Other services	-	-	-	-	8,737,850
Depreciation	3,471,386	960,442	-	4,431,828	-
Total operating expenses	<u>9,752,842</u>	<u>5,977,813</u>	<u>-</u>	<u>15,730,655</u>	<u>8,737,850</u>
Operating income (loss)	<u>3,605,312</u>	<u>(5,040,635)</u>	<u>-</u>	<u>(1,435,323)</u>	<u>661,524</u>
<b>Non-Operating Revenues (Expenses):</b>					
Ad valorem taxes	-	-	4,282	4,282	-
Availability fee	-	3,588,642	-	3,588,642	-
Investment earnings	171,607	87,161	-	258,768	-
White goods disposal tax	-	52,517	-	52,517	-
Tire disposal tax	-	109,568	-	109,568	-
Franchise fees	-	40,866	-	40,866	-
Solid waste disposal tax	-	59,144	-	59,144	-
NC electronics management fund distribution	-	6,548	-	6,548	-
Miscellaneous	100,392	980	-	101,372	-
Interest and fees	(420,608)	(78,551)	-	(499,159)	51,612
Total non-operating revenues (expenses)	<u>(148,609)</u>	<u>3,866,875</u>	<u>4,282</u>	<u>3,722,548</u>	<u>51,612</u>
Income (loss) before contributions and transfers	<u>3,456,703</u>	<u>(1,173,760)</u>	<u>4,282</u>	<u>2,287,225</u>	<u>713,136</u>
Capital contributions	3,689,013	-	-	3,689,013	-
Transfers from other funds	167,534	-	-	167,534	-
Transfers to other funds	-	-	(167,534)	(167,534)	-
Change in net position	7,313,250	(1,173,760)	(163,252)	5,976,238	713,136
<b>Net position, beginning, previously reported</b>	<b>67,773,059</b>	<b>1,887,895</b>	<b>170,964</b>	<b>69,831,918</b>	<b>2,905,149</b>
Restatement	(1,326,686)	(891,170)	-	(2,217,856)	-
Net position, beginning, restated	<u>66,446,373</u>	<u>996,725</u>	<u>170,964</u>	<u>67,614,062</u>	<u>2,905,149</u>
<b>Net position, ending</b>	<b><u>\$ 73,759,623</u></b>	<b><u>\$ (177,035)</u></b>	<b><u>\$ 7,712</u></b>	<b><u>\$ 73,590,300</u></b>	<b><u>\$ 3,618,285</u></b>

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, 2018**

	<b>Business-Type Activities</b>				
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>East Lincoln County Water and Sewer District Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 13,653,405	\$ 1,034,802	\$ -	\$ 14,688,207	\$ 9,399,048
Cash paid for goods and services	(4,158,756)	(1,654,749)	-	(5,813,505)	(8,567,198)
Cash paid on behalf of employees	(2,286,931)	(1,947,878)	-	(4,234,809)	-
Net cash provided (used) by operating activities	<u>7,207,718</u>	<u>(2,567,825)</u>	<u>-</u>	<u>4,639,893</u>	<u>831,850</u>
<b>Cash flows from noncapital financing activities:</b>					
Ad valorem taxes	-	-	6,217	6,217	-
Availability Fees	-	3,588,642	-	3,588,642	-
White goods disposal tax	-	52,517	-	52,517	-
Tire disposal tax	-	109,568	-	109,568	-
Franchise fees	-	40,866	-	40,866	-
Solid waste disposal tax	-	59,144	-	59,144	-
NC electronics management fund distribution	-	6,548	-	6,548	-
Miscellaneous	100,392	980	-	101,372	-
Transfers in (out)	<u>167,534</u>	<u>-</u>	<u>(167,534)</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>267,926</u>	<u>3,858,265</u>	<u>(161,317)</u>	<u>3,964,874</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(2,523,365)	(769,953)	-	(3,293,318)	-
Debt principal paid	(1,700,779)	(910,549)	-	(2,611,328)	-
Interest and fees paid	(420,608)	(78,551)	-	(499,159)	-
Net cash (used) by capital and related financing activities	<u>(4,644,752)</u>	<u>(1,759,053)</u>	<u>-</u>	<u>(6,403,805)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>					
Interest on investments	<u>171,607</u>	<u>87,161</u>	<u>-</u>	<u>258,768</u>	<u>51,612</u>
Net increase (decrease) in cash and cash equivalents	<u>3,002,499</u>	<u>(381,452)</u>	<u>(161,317)</u>	<u>2,459,730</u>	<u>883,462</u>
<b>Cash and cash equivalents - beginning</b>	<u>14,189,305</u>	<u>8,067,705</u>	<u>167,520</u>	<u>22,424,530</u>	<u>4,056,881</u>
<b>Cash and cash equivalents - ending</b>	<u><u>\$ 17,191,804</u></u>	<u><u>\$ 7,686,253</u></u>	<u><u>\$ 6,203</u></u>	<u><u>\$ 24,884,260</u></u>	<u><u>\$ 4,940,343</u></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, 2018**

	<b>Business-Type Activities</b>				
	<b>Water and Sewer Fund</b>	<b>Solid Waste 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)	\$ 3,605,312	\$ (5,040,635)	\$ -	\$ (1,435,323)	\$ 661,524
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>					
Depreciation	3,471,386	960,442	-	4,431,828	-
Landfill closure and postclosure care costs	-	1,572,912	-	1,572,912	-
<b>Change in assets, liabilities, and deferred outflows and inflows of resources:</b>					
(Increase) decrease in receivables	284,408	31,733	-	316,141	(326)
Decrease in due from other governments	8,393	62,326	-	70,719	-
(Increase) decrease in prepaids items	(245)	25	-	(220)	25,756
Decrease in deferred outflows-pension	326,466	296,037	-	622,503	-
(Increase) in deferred outflows-OPEB	(8,478)	(6,782)	-	(15,260)	-
(Decrease) in net pension liability	(339,390)	(312,191)	-	(651,581)	-
(Decrease) in net OPEB liability	(150,906)	(120,725)	-	(271,631)	-
(Decrease) in deferred inflows - pension	(15,335)	(14,103)	-	(29,438)	-
Increase in deferred inflows - OPEB	227,622	182,098	-	409,720	-
Increase (decrease) in accounts payable	(210,469)	(194,344)	-	(404,813)	144,896
Increase in customer deposits	2,450	3,565	-	6,015	-
Increase in compensated absences payable	6,504	11,817	-	18,321	-
Total adjustments	3,602,406	2,472,810	-	6,075,216	170,326
Net cash provided (used) by operating activities	\$ 7,207,718	\$ (2,567,825)	\$ -	\$ 4,639,893	\$ 831,850
<b>Non-cash investing, capital, and financing activities:</b>					
Contributed depreciable assets, net of accumulated depreciation	\$ 3,689,013	\$ -	\$ -	\$ 3,689,013	\$ -

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

**LINCOLN COUNTY, NORTH CAROLINA****STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018**

	<b>Agency Funds</b>
<b>Assets:</b>	
Cash and cash equivalents	<u>\$ 458,716</u>
<b>Liabilities:</b>	
Intergovernmental payable	<u>\$ 458,716</u>

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

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### **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 153A-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 the 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., PO 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 THE YEAR ENDED JUNE 30, 2018

### 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, although interfund services provided and used are not eliminated in the process of consolidation. 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 non-major funds.

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

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).

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

The County reports the following fund types:

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

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains five agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Tax Collector Fund, which accounts for ad valorem property taxes that are billed and collected by the County for a municipality 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.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 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.

*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. Issuances 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

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

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. Expenditures-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, except for the special revenue – Special Grants Fund, 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 project funds and the special revenue – Special Grants Fund. All budgets are prepared using the modified accrual basis of accounting.

The lowest level that the budget is legally adopted is at the functional 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 functional 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 functional 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 process 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 manager 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.

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

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, some changes to the original financial plan were necessary.

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

*Deposits and Investments.* All deposits of the County 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. 150-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The County's investments are carried at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered 2a-7 government money market fund, 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 on September 1 (lien date); however penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017. As allowed by State law, the county has established a schedule of

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

<b>Fund</b>	<b>Description</b>	<b>Amount</b>
General Fund	QZAB Sinking Fund	\$ 1,455,556
General Fund	Unexpended proceeds	1,603
General Capital Projects Fund	Unexpended proceeds	2,085,186
Water and Sewer Fund	Customer deposits	108,800
Solid Waste Fund	Customer deposits	3,565
Total restricted cash		<u>\$ 3,654,710</u>

*Allowances for Doubtful Accounts.* All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The amount is estimated by analyzing the percentage of receivables that were written off in prior years.

*Inventory.* The inventory of the ABC Board is valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of materials and supplies held for resale, and is reported at lower of cost or market.

*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. Prepaid items for the County's governmental funds are treated using the consumption method.

*Capital Assets.* Capital assets, which include property, plant, equipment, and infrastructure assets 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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Lincoln County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education after all restrictions of the financing

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Lincoln County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

Asset	Years
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 outflows 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, and pension and OPEB related deferrals. 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, other receivables, and other pension and OPEB 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.

*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

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

governmental and 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 a) externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or b) 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.

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 \$226,528 at June 30, 2018.

**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 for Transportation* – portion of fund balance restricted by revenue source to be used to support public transit activities.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

*Restricted for Culture and Recreation* – portion of fund balance restricted by revenue sources to be used for parks and libraries.

*Restricted for Human Services* – portion of fund balance restricted by revenue sources to be used for human service activities, such as health administration.

Restricted fund balance at June 30, 2018 is as follows:

<b>Purpose:</b>	<b>General</b>	<b>Capital</b>	<b>Other</b>	<b>Total</b>
	<b>Fund</b>	<b>Projects</b>	<b>Governmental</b>	
<b>Restricted, All Other:</b>				
Stabilization for State statute	\$ 6,432,887	\$ 3,989,577	\$ 2,009,687	\$ 12,432,151
Register of Deeds	46,674	-	-	46,674
Public safety	1,603	424,290	141,568	567,461
Transportation	-	-	52,828	52,828
Culture and recreation	-	-	24,015	24,015
Education	1,455,556	-	-	1,455,556
Human Services	-	1,367,306	-	1,367,306
	<b>\$ 7,936,720</b>	<b>\$ 5,781,173</b>	<b>\$ 2,228,098</b>	<b>\$ 15,945,991</b>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$1,793,199 and Register of Deeds' Pension Plan of \$198,237 for a net difference of \$1,594,962.

**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, 2018 is as follows:

<b>Purpose:</b>	<b>Other</b>	<b>Governmental</b>	<b>Funds</b>
	<b>Funds</b>		
Future capital projects			\$ 556,532

**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.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

*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.

Assigned fund balance at June 30, 2018 is as follows:

<b>Purpose:</b>	<b>General Fund</b>
Subsequent year's expenditures	\$ 3,346,021

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

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

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

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

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

Total fund balance, General Fund	\$ 38,479,554
Less:	
Prepays	(226,528)
Stabilization for State statute	(6,432,887)
Fund balance available for appropriation	<u>\$ 31,820,139</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

	General Fund	Capital Projects Fund	Emergency Telephone Systems Fund
Encumbrances	\$ 845,669	\$ 3,627,169	\$ 1,658,827

*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.

*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.

### **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 fund:

Solid Waste Fund	\$ (177,035)
------------------	--------------

**Corrective Action Plan.** The deficit in the Solid Waste Fund will be eliminated with future increases in revenues.

#### **B. Non-Compliance with North Carolina General Statutes – Excess of Expenditures Over Appropriations**

Excess of expenditures over appropriations are in violation of State law [GS 159-28(b)]. A violation as of June 30, 2018 occurred in following fund:

Special Revenue – Law Enforcement Fund	\$ (6,410)
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**Corrective Action Plan.** Management and the Board will more closely monitor the budgets in this fund to ensure compliance in future years.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 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, 2018, the Carrying amount of the County's deposits with banks was \$12,060,156. Balances with banks equaled \$12,418,567. Of the bank balances, \$1,000,000 was covered by federal depository insurance and \$11,418,567 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 \$5,381.

#### B. Investments

At June 30, 2018, the County's investments consisted of the following:

Investment Type	Measurement Method	Valuation		Less Than 6 Months		6 - 12 Months	
		Fair Value					
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$	41,625,412		N/A		N/A
NC Capital Management Trust - Term Portfolio*	Fair Value - Level 1		819,646	\$	819,646	\$	-
US government agencies	Fair Value - Level 2		10,746,326		10,746,326		-
Commercial Paper	Fair Value - Level 2		5,914,621		3,949,610		1,965,011
Total investments		\$	59,106,005	\$	15,515,582	\$	1,965,011

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

\*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.

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 limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2018 the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAA by Standard & Poor's as of June 30, 2018. 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.

*Concentration of Credit Risk.* The County has a policy that investments will be diversified to alleviate the risk of over concentration of assets in a specific issuer or a specific class of securities. More than 5% of the County's investments are in JP Morgan commercial paper. These investments are 7.6% of the County's total investments.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### Note 4. Receivables

#### A. Detail

Receivables at the government-wide level at June 30, 2018 were as follows:

	<b>Taxes</b>	<b>Accounts</b>	<b>Due from Other Governments</b>	<b>Total</b>
<b>Governmental activities:</b>				
General	\$ 1,801,748	\$ 2,704,742	\$ 4,094,483	\$ 8,600,973
Other governmental	233,992	342,699	370,569	947,260
Total receivables	<u>2,035,740</u>	<u>3,047,441</u>	<u>4,465,052</u>	<u>9,548,233</u>
Allowance for doubtful accounts	(862,242)	(865,670)	-	(1,727,912)
Total governmental activities	<u><u>\$ 1,173,498</u></u>	<u><u>\$ 2,181,771</u></u>	<u><u>\$ 4,465,052</u></u>	<u><u>\$ 7,820,321</u></u>
<b>Business-type activities:</b>				
Water and Sewer	\$ -	\$ 1,566,802	\$ 129,852	\$ 1,696,654
Solid Waste	- -	387,469	46,273	433,742
East Lincoln County Water and Sewer District Fund	7,919	- -	- -	7,919
Total receivables	<u>7,919</u>	<u>1,954,271</u>	<u>176,125</u>	<u>2,138,315</u>
Allowance for doubtful accounts	(6,410)	(585,693)	-	(592,103)
Total business-type activities	<u><u>\$ 1,509</u></u>	<u><u>\$ 1,368,578</u></u>	<u><u>\$ 176,125</u></u>	<u><u>\$ 1,546,212</u></u>

The total due from other governments consists of the following:

Governmental activities	\$ 4,465,052
Business-type activities	176,125
Total due from other governments	<u>\$ 4,641,177</u>
Local option sales tax	\$ 3,254,248
Sales tax reimbursements	849,789
Vehicle tax system	537,140
Total due from other governments	<u><u>\$ 4,641,177</u></u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

In accordance with 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
	2015	\$ 1,837,313	\$ 436,363	\$ 2,273,676
	2016	1,872,420	276,183	2,148,603
	2017	1,913,229	110,011	2,023,240
	2018	<u>1,936,433</u>	-	1,936,433
	Total	<u><u>\$ 7,559,395</u></u>	<u><u>\$ 822,557</u></u>	<u><u>\$ 8,381,952</u></u>

### Note 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 6,878,034	\$ 20,221	\$ -	\$ -	\$ 6,898,255
Construction in progress	11,127,999	9,616,447	(50,000)	(6,766,541)	13,927,905
Total capital assets not being depreciated	<u>18,006,033</u>	<u>9,636,668</u>	<u>(50,000)</u>	<u>(6,766,541)</u>	<u>20,826,160</u>
<b>Capital assets being depreciated:</b>					
Buildings	45,016,343	1,278,287	-	2,054,199	48,348,829
Improvements	13,384,048	60,461	-	3,109,381	16,553,890
Equipment	11,664,427	966,852	-	1,602,961	14,234,240
Vehicles and motorized equipment	12,727,308	1,246,028	-	-	13,973,336
Total capital assets being depreciated	<u>82,792,126</u>	<u>3,551,628</u>	<u>-</u>	<u>6,766,541</u>	<u>93,110,295</u>
<b>Less: accumulated depreciation for:</b>					
Buildings	(12,939,553)	(967,031)	-	-	(13,906,584)
Improvements	(3,659,589)	(598,535)	-	-	(4,258,124)
Equipment	(8,183,621)	(849,720)	-	-	(9,033,341)
Vehicles	(8,867,358)	(1,029,521)	-	-	(9,896,879)
Total accumulated depreciation	<u>(33,650,121)</u>	<u>(3,444,807)</u>	<u>-</u>	<u>-</u>	<u>(37,094,928)</u>
Total capital assets being depreciated, net	<u>49,142,005</u>				<u>56,015,367</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 67,148,038</u></b>				<b><u>\$ 76,841,527</u></b>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
<b>Water and Sewer Fund:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 828,427	\$ -	\$ -	\$ -	\$ 828,427
Construction in progress	2,784,732	2,081,958	(113,608)	(113,608)	4,753,082
Total capital assets not being depreciated	<u>3,613,159</u>	<u>2,081,958</u>	<u>-</u>	<u>(113,608)</u>	<u>5,581,509</u>
<b>Capital assets being depreciated:</b>					
Buildings	41,562,045	125,000	-	9,374	41,696,419
Improvements	938,198	-	-	-	938,198
Water Lines	40,436,099	1,891,816	-	-	42,327,915
Sewer Lines	17,314,332	1,524,931	-	-	18,839,263
Machinery, equipment and vehicles	4,409,641	588,673	-	104,234	5,102,548
Total capital assets being depreciated	<u>104,660,315</u>	<u>4,130,420</u>	<u>-</u>	<u>113,608</u>	<u>108,904,343</u>
<b>Less: accumulated depreciation for:</b>					
Buildings	(9,525,342)	(1,706,687)	-	-	(11,232,029)
Improvements	(339,156)	(40,898)	-	-	(380,054)
Water Lines	(16,515,431)	(1,012,655)	-	-	(17,528,086)
Sewer Lines	(5,408,432)	(508,156)	-	-	(5,916,588)
Machinery, equipment and vehicles	(3,587,177)	(202,990)	-	-	(3,790,167)
Total accumulated depreciation	<u>(35,375,538)</u>	<u>(3,471,386)</u>	<u>-</u>	<u>-</u>	<u>(38,846,924)</u>
Total capital assets being depreciated, net	<u>69,284,777</u>				<u>70,057,419</u>
<b>Water and Sewer Fund capital assets, net</b>	<u>72,897,936</u>				<u>75,638,928</u>
<b>Solid Waste Fund:</b>					
<b>Capital assets not being depreciated:</b>					
Land	640,648	-	-	-	640,648
<b>Capital assets being depreciated:</b>					
Buildings	590,143	-	-	-	590,143
Improvements	14,744,194	146,658	-	-	14,890,852
Machinery, equipment and vehicles	8,736,752	623,295	-	-	9,360,047
Total capital assets being depreciated	<u>24,071,089</u>	<u>769,953</u>	<u>-</u>	<u>-</u>	<u>24,841,042</u>
<b>Less: accumulated depreciation for:</b>					
Buildings	(264,312)	(11,803)	-	-	(276,115)
Improvements	(9,055,569)	(523,219)	-	-	(9,578,788)
Machinery, equipment and vehicles	(6,531,866)	(425,420)	-	-	(6,957,286)
Total accumulated depreciation	<u>(15,851,747)</u>	<u>(960,442)</u>	<u>-</u>	<u>-</u>	<u>(16,812,189)</u>
Total capital assets being depreciated, net	<u>8,219,342</u>				<u>8,028,853</u>
<b>Solid Waste Fund capital assets, net</b>	<u>8,859,990</u>				<u>8,669,501</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 81,757,926</u>				<u>\$ 84,308,429</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

General government	\$ 986,120
Public safety	1,517,545
Transportation	102,888
Economic and physical development	179,967
Cultural and recreational	437,471
Human services	220,816
<b>Total</b>	<b><u>\$ 3,444,807</u></b>

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

Water and sewer	\$ 3,471,386
Solid Waste	<u>960,442</u>
<b>Total</b>	<b><u>\$ 4,431,828</u></b>

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.

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Capital assets, net	<u>\$ 76,841,527</u>	<u>\$ 84,308,429</u>
Long-term debt outstanding	(86,563,936)	(19,599,692)
School debt for with the County does not hold asset title	64,617,947	-
Premium on school related debt	1,390,378	-
Discount on school related debt	(30,227)	-
Unspent debt proceeds	3,248,755	-
<b>Total related debt</b>	<b><u>(17,337,083)</u></b>	<b><u>(19,599,692)</u></b>
Net investment in capital assets	<u>\$ 59,504,444</u>	<u>\$ 64,708,737</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### Note 6. Liabilities

#### A. Payables

Payables at the government-wide level at June 30, 2018 were as follows:

	Salaries and			<b>Total</b>
	<b>Vendors</b>	<b>Benefits</b>	<b>Other</b>	
<b>Governmental activities:</b>				
General	\$ 1,335,838	\$ 1,097,407	\$ 2,116,450	\$ 4,549,695
Other governmental	498,998	-	-	498,998
Total governmental activities	<u>\$ 1,834,836</u>	<u>\$ 1,097,407</u>	<u>\$ 2,116,450</u>	<u>\$ 5,048,693</u>
<b>Business-type activities:</b>				
Water and Sewer	\$ 394,088	\$ 41,341	\$ 153,457	\$ 588,886
Solid Waste	110,617	37,382	32,584	180,583
Total business-type activities	<u>\$ 504,705</u>	<u>\$ 78,723</u>	<u>\$ 186,041</u>	<u>\$ 769,469</u>

#### Construction Commitments

The government has active construction projects as of June 30, 2018. At that date, the government's commitments with contractors are as follows:

<b>Project</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
Tax Department Renovation	\$ 11,400	\$ 12,600
Health Department Construction	6,319,260	593,668
Oaklawn School Renovation	658,120	87,085
PSAP Building	413,448	2,532,182
VIPER Project	4,032,780	142,129
Animal Services Expansion	29,172	4,928
Senior Services Expansion	99,776	165,752
West Lincoln Library	182,949	74,377
NC 16 Waterline Phase II	644,492	93,186
Water Treatment Plant Expansion	641,530	656,681
Highway 73 Waterline	141,214	357,386
Reepsville Road Waterline	-	495,650
Lowe'sville Sewer Redirection	2,409,545	124,755
Pump Station 7 & 9 Rehab	21,641	380,856
Wastewater Treatment Plant Exp	<u>868,793</u>	<u>151,132</u>
Total	<u>\$ 16,474,120</u>	<u>\$ 5,872,367</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### B. Long-Term Debt

**General Obligation Indebtedness.** All general obligation bonds serviced by the County's General Fund are collateralized by the full-faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due.

The County's general obligation bonds at June 30, 2018 are comprised of the following 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	\$ 7,425,000
\$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	13,530,000
\$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	12,735,000
\$8,500,000 2010B School bonds, due in annual installments of \$300,000 to \$1,200,000 through June 1, 2029; interest rates from 2.00% to 4.00%; interest payments due June 1 and December 1	300,000
\$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	7,435,000
\$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	800,000
\$13,190,000 2017 School Refunding issued to refund the 2010B and 2011B bonds, due in annual installments from \$124,000 to \$2,095,000 through June, 2029; interest at 2.29%; interest payments due June 1 and December 1	12,999,000
Total general obligation bonds	\$ 55,224,000

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 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, 2018, 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	1,972,000
\$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	7,308,000
\$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	825,000
\$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%	475,022
\$11,139,000 2017 installment financing contract, issued to fund the Health Department renovation and VIPER construction, due in annual installments from \$441,000 to \$1,240,000 through October, 2032; interest at 2.35%; interest payments due April 1 and October 1	11,139,000
\$6,115,000 2014 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	4,484,321
\$8,858,000 2016 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	1,802,549
Total governmental activities	<u>30,005,892</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

\$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	91,162
\$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	122,454
\$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	810,024
\$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	11,375,000
\$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%	1,168,489
\$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	3,118,294
Total Water and Sewer Fund	<u>16,685,423</u>

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

\$400,000 Contract for equipment, due in monthly installments of \$7,593; interest at 1.86%, through November 23, 2019	127,292
\$385,000 Contract for land and vehicles, due in semi-annual installments of \$216,667; interest at 3.02%, through June 26, 2029	282,346
\$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	2,504,631
Total Solid Waste Fund	<u>2,914,269</u>
Total business-type activities	<u>19,599,692</u>
Total installment purchase contracts	<u>\$ 49,605,584</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**Changes in Long-Term Debt.** The following is a summary of changes in long-term debt for the year ended June 30, 2018:

	<u>Beginning Balance, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<b>Governmental activities:</b>					
Bonds payable					
General obligation bonds	\$ 61,235,000	\$ 13,190,000	\$ 19,201,000	\$ 55,224,000	\$ 6,969,000
Premium	1,636,733	-	246,355	1,390,378	-
Discount	-	(32,975)	2,748	(30,227)	-
Total bonds payable	62,871,733	13,157,025	19,450,103	56,584,151	6,969,000
Installment purchases					
Installment purchase agreement	21,041,742	11,139,000	2,174,850	30,005,892	2,882,278
Discount	-	(27,848)	1,741	(26,107)	-
Total installment purchases	21,041,742	11,111,152	2,176,591	29,979,785	2,882,278
Compensated absences	1,772,029	1,071,913	905,247	1,938,695	742,371
Net pension liability (LGERS)	8,847,731	-	2,068,285	6,779,446	-
Total pension liability (LEOSSA)	2,102,988	217,160	-	2,320,148	-
Total OPEB liability	49,338,567	-	2,746,487	46,592,080	-
<b>Total governmental activities</b>	<b><u>\$ 145,974,790</u></b>	<b><u>\$ 25,557,250</u></b>	<b><u>\$ 27,346,713</u></b>	<b><u>\$ 144,194,305</u></b>	<b><u>\$ 10,593,649</u></b>
<b>Business-type activities:</b>					
<b>Water and Sewer Fund:</b>					
Installment purchases	\$ 18,386,202	\$ -	\$ 1,700,779	\$ 16,685,423	\$ 1,344,110
Compensated absences	91,755	59,182	52,678	98,259	46,506
Net pension liability (LGERS)	711,887	-	339,390	372,497	-
Total OPEB liability	2,710,910	-	150,906	2,560,004	-
<b>Total Water and Sewer Fund</b>	<b><u>21,900,754</u></b>	<b><u>59,182</u></b>	<b><u>2,243,753</u></b>	<b><u>19,716,183</u></b>	<b><u>1,390,616</u></b>
<b>Solid Waste Fund:</b>					
Installment purchases	3,824,818	-	910,549	2,914,269	115,158
Accrued landfill closure and post-closure care costs	9,842,088	1,572,912	-	11,415,000	-
Compensated absences	72,190	46,244	34,427	84,007	26,444
Net pension liability (LGERS)	610,189	-	312,191	297,998	-
Total OPEB liability	2,168,728	-	120,725	2,048,003	-
<b>Total Solid Waste Fund</b>	<b><u>16,518,013</u></b>	<b><u>1,619,156</u></b>	<b><u>1,377,892</u></b>	<b><u>16,759,277</u></b>	<b><u>141,602</u></b>
<b>Total business-type activities</b>	<b><u>\$ 38,418,767</u></b>	<b><u>\$ 1,678,338</u></b>	<b><u>\$ 3,621,645</u></b>	<b><u>\$ 36,475,460</u></b>	<b><u>\$ 1,532,218</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 a FIFO Basis, assuming that employees are taking leave time as it is earned.

At June 30, 2018, Lincoln County had a legal debt margin of approximately \$640,976,000.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**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>										
2019	\$ 6,969,000	\$ 1,755,656	\$ -	\$ -	\$ 2,882,278	\$ 638,326	\$ 9,851,278	\$ 2,393,982		
2020	6,917,000	1,505,967	-	-	3,282,384	591,494	10,199,384	2,097,461		
2021	6,866,000	1,256,038	-	-	3,092,124	528,796	9,958,124	1,784,834		
2022	6,859,000	1,047,298	-	-	4,590,043	454,607	11,449,043	1,501,905		
2023	6,757,000	842,818	-	-	2,855,138	381,352	9,612,138	1,224,170		
2024-2028	19,827,000	1,617,114	-	-	9,755,245	1,054,324	29,582,245	2,671,438		
2029-2033	1,029,000	23,564	-	-	3,132,680	217,532	4,161,680	241,096		
2034-2037	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>416,000</u>	<u>19,385</u>	<u>416,000</u>	<u>19,385</u>		
Total	<u>\$ 55,224,000</u>	<u>\$ 8,048,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,005,892</u>	<u>\$ 3,885,816</u>	<u>\$ 85,229,892</u>	<u>\$ 11,934,271</u>		
<b>Business-Type Activities:</b>										
2019	\$ -	\$ -	\$ -	\$ -	\$ 1,459,268	\$ 492,377	\$ 1,459,268	\$ 492,377		
2020	-	-	-	-	1,543,069	445,371	1,543,069	445,371		
2021	-	-	-	-	1,855,942	399,176	1,855,942	399,176		
2022	-	-	-	-	1,874,828	352,695	1,874,828	352,695		
2023	-	-	-	-	1,528,658	307,797	1,528,658	307,797		
2024-2028	-	-	-	-	6,907,273	993,910	6,907,273	993,910		
2029-2033	-	-	-	-	3,592,654	284,281	3,592,654	284,281		
2034-2038	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>838,000</u>	<u>39,633</u>	<u>838,000</u>	<u>39,633</u>		
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,599,692</u>	<u>\$ 3,315,240</u>	<u>\$ 19,599,692</u>	<u>\$ 3,315,240</u>		

### Debt Related to Capital Activities

Of the total governmental activities debt listed, only \$20,585,838 relates to assets to which the County holds title, while the remaining \$65,978,098 is related to assets owned and utilized by the school system. Unspent restricted cash related to this debt amount amounts to \$3,248,755.

### 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

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

On August 21, 2017 the County issued \$13,190,000 in installment debt for the purpose of an advance refunding of the Series 2010B and 2011B General Obligation bonds in the amount of \$12,175,000. The proceeds were placed in an irrevocable trust to be used for all future debt service payments. As a result, the Bonds 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 \$874,827. 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 life of the debt by \$845,360 and resulted in an economic gain of \$743,226.

### **Note 7. Pension Plan Obligations**

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 or liability, 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.

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

**Plan Description.** The County and 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

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service, and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as an LEO and have reached age 50, or have completed five years of creditable service as an LEO and have reached age 55, or have completed 15 years of creditable service as an 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, 2018 was 8.5% of compensation for law enforcement officers and 7.83% 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 \$2,339,096 for the year ended June 30, 2018.

**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, 2018, the County reported a liability of \$7,449,941 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing the updated procedures incorporating the actuarial assumptions. The County's proportion of the net pension

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2017, the County's proportion was 0.48765%, which was a decrease of 0.00847% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$2,539,037. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 429,186	\$ 210,884
Changes of assumptions	1,063,955	-
Net difference between projected and actual earnings on pension plan investments	1,808,855	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,695	124,610
County contributions subsequent to the measurement date	2,339,096	-
<b>Total</b>	<b>\$ 5,672,787</b>	<b>\$ 335,494</b>

\$2,339,096 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, 2019. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ 387,371
2020	2,121,564
2021	1,057,029
2022	(567,767)
2023	-
Thereafter	-
<b>Total</b>	<b>\$ 2,998,197</b>

**Actuarial Assumptions.** The total pension liability in the December 31, 2016 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	7.20 percent, net of pension plan investment expense, including inflation

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2016 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 projects 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.2%. The projections 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

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 7.2%, 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 (6.2%) or one-percentage point higher (8.2%) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
County's proportionate share of the net pension liability (asset)	\$ 22,364,892	\$ 7,449,941	\$ (4,999,334)

**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	7
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	109
Total	116

A separate report was not issued for the plan.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**Summary of Significant Accounting Policies.** *Basis of Accounting.* The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits 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 normal actuarial cost method was used in the December 31, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50 - 7.35% including inflation and productivity factor
Discount rate	3.16%

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2017.

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

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

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

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 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 investments earnings. The County paid \$84,311 as benefits came due for the reporting period.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

At June 30, 2018, the County reported a total pension liability of \$2,320,148. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$210,676.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 49,102
Changes of assumptions	132,393	36,669
County benefit payments and plan administrative expense made subsequent to the measurement date	42,864	-
<b>Total</b>	<b>\$ 175,257</b>	<b>\$ 85,771</b>

\$42,864, 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, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ 8,149
2020	8,149
2021	8,149
2022	8,149
2023	13,530
Thereafter	496
<b>Total</b>	<b>\$ 46,622</b>

*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 3.16 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 (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate.:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 2,532,069	\$ 2,320,148	\$ 2,127,466

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### Schedule of Changes in Total Pension Liability

#### Law Enforcement Officers' Special Separation Allowance

	<b>2018</b>
Beginning balance	\$ 2,102,988
Service cost	122,073
Interest on the total pension liability	79,548
Difference between expected and actual experience	(58,864)
Changes of assumptions and other inputs	158,714
Benefit payments	(84,311)
Ending balance of the total pension liability	<u><u>\$ 2,320,148</u></u>

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.86% at June 30, 2016 to 3.16% at June 30, 2017.

*Change in benefit terms.* Reported compensation was adjusted to reflect the assumed rate of pay as of the valuation date.

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, 2016 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.

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, 2018 were \$312,416, which consisted of \$246,206 from the County and \$66,210 from the law enforcement officers. No amounts were forfeited.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 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 \$8,164 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$158,574 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing updated 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, 2017, the County's proportion was 0.92902%, which was an increase of 0.03312% from its proportion measured as of June 30, 2016.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

For the year ended June 30, 2018, the County recognized pension expense of \$16,301. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,722	\$ 511
Changes of assumptions	26,756	-
Net different between projected and actual earnings on pension plan investments	13,480	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	10,948
County contributions subsequent to the measurement date	<u>8,164</u>	-
<b>Total</b>	<b><u>\$ 51,122</u></b>	<b><u>\$ 11,459</u></b>

\$8,164, 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, 2019. 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>
2019	\$ 17,636	
2020	8,883	
2021	1,542	
2022	3,438	
2023	-	
Thereafter	-	
<b>Total</b>	<b><u>\$ 31,499</u></b>	

**Actuarial Assumptions.** The total pension liability in the December 31, 2016 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	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

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2016 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, 2017 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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.

*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 (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (124,637)	\$ (158,474)	\$ (187,114)

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**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.

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
Proportionate Share of Net Pension Liability (Asset)	\$ 7,449,941	\$ (158,474)	\$ -	\$ 7,291,467
Proportion of the Net Pension Liability (Asset)	0.48765%	(0.92902%)	n/a	n/a
Total Pension Liability	-	-	2,320,148	2,320,148
Pension Expense	\$ 2,539,037	\$ 16,301	\$ 210,676	\$ 2,766,014

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	\$ 429,186	\$ 2,722	\$ -	\$ 431,908
Changes of assumptions	1,063,955	26,756	132,393	1,223,104
Net difference between projected and actual earnings on plan investments	1,808,855	13,480	-	1,822,335
Changes in proportion and differences between County contributions and proportionate share of contributions	31,695	-	-	31,695
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,339,096	8,164	42,864	2,390,124
<b><u>Deferred Inflows of Resources</u></b>				
Differences between expected and actual experience	\$ 210,884	\$ 511	\$ 49,102	\$ 260,497
Changes of assumptions	-	-	36,669	36,669
Changes in proportion and differences between County contributions and proportionate share of contributions	124,610	10,948	-	135,558

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 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.

### 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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

## LINCOLN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Membership of the HCB Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	130
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	430
Total	560

#### **Total OPEB Liability**

The County's total OPEB liability of \$51,200,087 was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2016.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Municipal Bond Index Rate	
Prior Measurement Date	3.01%
Measurement Date	3.56%
Health Care Cost Trends	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### Changes in the Total OPEB Liability

<b>Total OPEB Liability as of June 30, 2017</b>	\$ 54,218,205
<b>Changes for the year</b>	
Service cost	1,744,086
Interest	1,611,903
Changes of benefit terms	-
Differences between expected and actual experience	238,436
Changes in assumptions or other inputs	(5,269,369)
Benefit payments	(1,343,174)
Net changes	(3,018,118)
<b>Balance at June 30, 2018</b>	<b><u>\$ 51,200,087</u></b>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.56%) or one-percentage-point higher (4.56%) than the current discount rate:

	<b>1% Decrease (2.56%)</b>	<b>Current Discount Rate (3.56%)</b>	<b>1% Increase (4.56%)</b>
Total OPEB liability	<u>\$ 61,376,214</u>	<u>\$ 51,200,087</u>	<u>\$ 43,291,789</u>

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

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Total OPEB liability	<u>\$ 42,163,702</u>	<u>\$ 51,200,087</u>	<u>\$ 63,137,101</u>

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

For the year ended June 30, 2018, the County recognized OPEB expense of \$2,671,508. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 205,996	\$ -
Changes of assumptions	- -	4,552,448
Benefit payments made subsequent to the measurement date	<u>1,306,734</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,512,730</u></b>	<b><u>\$ 4,552,448</u></b>

\$1,306,734 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2019.

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB expense as follows:

<b>Measurement Period Ended</b>		
<b>June 30</b>		
2019	\$	(684,481)
2020	(684,481)	
2021	(684,481)	
2022	(684,481)	
2023	(684,481)	
Thereafter	<u>(924,047)</u>	
<b>Total</b>	<b><u>\$ (4,346,452)</u></b>	

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

The County's 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 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 \$11,415,000 reported as landfill closure and post-closure care liability at June 30, 2018 represents a

# LINCOLN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 \$9,761,000 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 \$1,654,000 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 \$4,113,170 as the remaining estimated capacity is filled. Of this amount, \$3,130,820 is related to the remaining capacity in the sanitary landfill, and \$982,350 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 2018. 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 2026 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.

### Note 11. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred charges	1,441,904	-
(Pensions, OPEB) - difference between expected and actual experience	637,904	260,497
(Pensions) - Net difference between projected and actual investment earnings	1,822,335	-
(Penions) - change in proportion and difference between employe contributions and proportionate share of contributions	31,695	135,558
(Pensions, OPEB) - change in assumptions	1,223,104	4,589,117
Contributions to pension plan subsequent to measurement date (LGERS, OPEB)	3,688,694	-
Benefit payments and admin costs paid subsequent to the measurement date (ROD)	8,164	-
Prepaid taxes not yet earned (General)		366,172
 Taxes receivable, net (General)	-	1,030,975
Taxes receivable, net (Special Revenue)	-	142,523
Other receivables, net (General)	-	344,410
 Total	<u><u>\$ 8,853,800</u></u>	<u><u>\$ 6,869,252</u></u>

# **LINCOLN COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### **Note 12. Risk Management.**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in 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 excess 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 worker's 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. The Register of Deeds and the Sheriff are each individually bonded for \$25,000. 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 \$999,511 for claims incurred, but not reported, in the Health Benefits Fund and \$516,726 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 THE YEAR ENDED JUNE 30, 2018

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

	<b>2018</b>	<b>2017</b>
Unpaid claims, beginning	\$ 1,369,311	\$ 1,401,770
Incurred claims	7,328,199	6,253,168
Claim payments	<u>(7,181,273)</u>	<u>(6,285,627)</u>
Unpaid claims, ending	<u><u>\$ 1,516,237</u></u>	<u><u>\$ 1,369,311</u></u>

### **Note 13. Interfund Activity**

The transfer to/from other funds at June 30, 2018 were for the purpose of funding capital projects and consist of the following:

<b>From</b>	<b>To</b>	<b>Purpose</b>	<b>Amount</b>
Special Grants Fund	General Fund	To close grants	\$ 2,600
General Capital Projects Fund	General Fund	To close projects	23,216
General Fund	General Capital Projects Fund	Annual transfer from General Fund to cover projects	1,608,908
General Fund	Special Grants Fund	County match for grant projects	18,290
Capital Reserve Fund	General Fund	Transfer for school monies from the lottery	600,000
Water & Sewer Capital Projects Fund	Water and Sewer Fund	To close projects	215,543
Water and Sewer Fund	Water & Sewer Capital Projects Fund	Annual transfer to project fund	3,727,172
East Lincoln County Water and Sewer District Fund	Water and Sewer Fund	Transfer balances to operating fund	167,534
Total			<u><u>\$ 6,363,263</u></u>

### **Note 14. Claims and Judgments**

At June 30, 2018 the County was involved in several lawsuits involving damages and potential claims. The exact amount of any claim cannot be determined at this time. It is the opinion of the County Attorney and County management that none of these lawsuits would have any adverse financial impact upon the County or its financial position.

### **Note 15. 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.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

#### **Note 16. Related Organizations**

*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 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.

#### **Note 17. 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 received 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, 2018 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, 2018. 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. The County appoints four out of the five members on the Board, one of which must be a City resident, and the City appoints the remaining member. 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, 2018. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2018. Complete financial statements for the Airport can be obtained from Lincoln County’s administrative offices at 115 West Main Street, Lincolnton, NC 28092.

## **LINCOLN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

#### **Note 18. 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 \$19,448 to the Council during the fiscal year ended June 30, 2018.

The County’s Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$203,742 for operations for the year ended June 30, 2018.

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, 2018.

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

The County issued \$13,895,000 in Enterprise System Revenue Bonds, Series 2018 on October 3, 2018. These funds will be used to expand the water treatment plant.

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

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ended June 30, 2018. The implementation of the statement required the County to record beginning net OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period. Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$30,150,006 and \$2,217,856 for the business-type activities for a total restatement of \$32,367,862.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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This section contains additional information required by generally accepted accounting principles

- Schedule of the Changes in Total Pension Liability and Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System.
- Schedule of Contributions to Local Governmental Employees' Retirement System.
- Schedule Proportionate Share of Net Pension Asset for Register of Deeds' Supplemental Pension Fund.
- Schedule of Contributions to Register of Deeds' Supplemental Pension Fund.
- Schedule of the Changes in Total OPEB Liability and Related Ratios.

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**LINCOLN COUNTY, NORTH CAROLINA**

**SCHEDULE OF THE CHANGES IN TOTAL PENSION LIABILITY AND PENSION LIABILITY AS A  
PERCENTAGE OF COVERED PAYROLL**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**LAST TWO FISCAL YEARS**

	<b>2018</b>	<b>2017</b>
Beginning balance of the total pension liability	\$ 2,102,988	\$ 2,030,142
Service cost	122,073	122,695
Interest on the total pension liability	79,548	71,269
Differences between expected and actual experience in the measurement of the total pension liability	(58,864)	-
Changes of assumptions or other inputs	158,714	(53,489)
Benefit payments	(84,311)	(67,629)
Ending balance of the total pension liability	<u>\$ 2,320,148</u>	<u>\$ 2,102,988</u>
 Covered payroll	 \$ 4,882,311	 \$ 4,574,742
Total pension liability as a percentage of covered payroll	47.52%	45.97%

**Notes to the Required Schedules:**

The amounts presented for each fiscal year were determined as of the prior December 31.

Lincoln County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 nor does the plan provide pay related benefits.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

## LINCOLN COUNTY, NORTH CAROLINA

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

<b>Local Governmental Employees' Retirement System</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.48765%	0.47918%	0.48338%	0.47701%	0.46080%
County's proportionate share of the net pension liability (asset) (\$)	\$ 7,449,941	\$10,169,807	\$ 2,169,381	\$ (2,813,149)	\$ 5,554,409
County's covered payroll	\$28,920,587	\$28,375,873	\$26,371,714	\$26,134,922	\$23,251,657
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.76%	35.84%	8.23%	-10.76%	23.89%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 2,339,096	\$ 2,141,858	\$ 1,925,926	\$ 1,892,547	\$ 1,847,353
Contributions in relation to the contractually required contribution	2,339,096	2,141,858	1,925,926	1,892,547	1,847,353
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 30,707,248	\$ 28,920,587	\$ 28,375,873	\$ 26,371,714	\$ 26,134,922
Contributions as a percentage of covered payroll	7.62%	7.41%	6.79%	7.18%	7.07%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**LINCOLN COUNTY, NORTH CAROLINA**

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

<b>Register of Deeds' Supplemental Pension Fund</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.92902%	0.89590%	0.84183%	0.80800%	0.79900%
County's proportionate share of the net pension liability (asset) (\$)	\$ (158,574)	\$ (167,497)	\$ (195,086)	\$ (183,245)	\$ 170,709
County's covered payroll	\$ 73,453	\$ 74,522	\$ 70,339	\$ 68,058	\$ 67,613
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-215.88%	-224.76%	-277.35%	-269.25%	252.48%
Plan fiduciary net position as a percentage of the total pension liability**	153.77%	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.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 8,164	\$ 8,072	\$ 7,320	\$ 6,736	\$ 6,601
Contributions in relation to the contractually required contribution	8,164	8,072	7,320	6,736	6,601
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 75,168	\$ 73,453	\$ 74,522	\$ 70,339	\$ 68,058
Contributions as a percentage of covered payroll	10.86%	10.99%	9.82%	9.58%	9.70%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**LINCOLN COUNTY, NORTH CAROLINA****SCHEDULE OF THE CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2018\***

	<u>2018</u>
Beginning balance	\$ 54,218,205
Service cost	1,744,086
Interest on the total OPEB liability	1,611,903
Differences between expected and actual experience	238,436
Changes of assumptions or other inputs	(5,269,369)
Benefit payments	(1,343,174)
<b>Ending balance of the total OPEB liability</b>	<b>\$ 51,200,087</b>
 Covered payroll	 \$ 17,459,427
Total OPEB liability as a percentage of covered payroll	293.25%

## Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%

\* Plan measurement date is one year prior to the reporting date.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

## **GOVERNMENTAL ACTIVITIES MAJOR FUNDS**

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### **GENERAL FUND**

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

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**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
<b>Ad Valorem Taxes</b>			
Current year		\$ 54,588,458	
Prior years		925,781	
Penalties and interest		457,826	
<b>Total</b>	<u>\$ 56,300,000</u>	<u>55,972,065</u>	<u>\$ (327,935)</u>
<b>Local Option Sales Taxes:</b>			
Article 39 one percent		7,763,207	
Article 40 one-half of one percent		5,133,159	
Article 42 one-half of one percent		4,213,882	
Article 44 one-half of one percent		1,400,421	
Medicaid hold harmless		865,696	
<b>Total</b>	<u>16,865,966</u>	<u>19,376,365</u>	<u>2,510,399</u>
<b>Other Taxes and Licenses:</b>			
Real estate transfer tax		1,404,356	
Local occupancy tax and car rental tax		173,497	
Utility franchise tax		218,729	
<b>Total</b>	<u>1,346,000</u>	<u>1,796,582</u>	<u>450,582</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Beer and wine tax		307,000	
	<u>307,000</u>	<u>309,222</u>	<u>2,222</u>
<b>Restricted Intergovernmental Revenues:</b>			
Federal and State grants		9,722,816	
Court facilities fees		102,061	
ABC revenue		254,538	
Local/Other		564,809	
<b>Total</b>	<u>12,257,589</u>	<u>10,644,224</u>	<u>(1,613,365)</u>
<b>Permits and Fees:</b>			
Building permits		2,287,533	
Concealed carry permits		168,265	
Fire marshal		24,332	
Register of Deeds		545,529	
Environmental health		300,841	
Other permits and fees		12,192	
<b>Total</b>	<u>2,813,360</u>	<u>3,338,692</u>	<u>525,332</u>
<b>Sales and Services:</b>			
Concessions, and fees		394,839	
Emergency medical services		3,467,610	
Animal control		42,429	
Sheriff department		64,177	
Transportation services		774,363	

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Human services		325,536	
Other sales and services		425,365	
<b>Total</b>	<b>5,360,009</b>	<b>5,494,319</b>	<b>134,310</b>
<b>Miscellaneous:</b>			
Rentals		79,217	
Sale of property		433,358	
Contributions		419,952	
Indirect fees		432,279	
Other		360,339	
<b>Total</b>	<b>1,096,249</b>	<b>1,725,145</b>	<b>628,896</b>
<b>Investment Earnings</b>	<b>204,025</b>	<b>439,837</b>	<b>235,812</b>
<b>Total revenues</b>	<b>96,550,198</b>	<b>99,096,451</b>	<b>2,546,253</b>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Governing Body:</b>			
Salaries and employee benefits		122,531	
Other operating expenditures		742,242	
Capital outlay		7,382	
<b>Total</b>	<b>872,155</b>		
<b>County Manager:</b>			
Salaries and employee benefits		331,828	
Other operating expenditures		35,195	
Capital outlay		1,510	
<b>Total</b>	<b>368,533</b>		
<b>Human Resources:</b>			
Salaries and employee benefits		254,668	
Other operating expenditures		45,264	
<b>Total</b>	<b>299,932</b>		
<b>Finance:</b>			
Salaries and employee benefits		784,135	
Other operating expenditures		80,636	
Capital outlay		2,947	
<b>Total</b>	<b>867,718</b>		
<b>Information Technology:</b>			
Salaries and employee benefits		595,261	
Other operating expenditures		222,480	
Capital outlay		97,487	
<b>Total</b>	<b>915,228</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, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Safety and Training:</b>			
Other operating expenditures		<u>30,862</u>	
<b>Taxes:</b>			
Salaries and employee benefits	1,512,666		
Other operating expenditures	601,057		
Capital outlay	10,529		
Total	<u>2,124,252</u>		
<b>Legal:</b>			
Other operating expenditures		<u>173,527</u>	
<b>Elections:</b>			
Salaries and employee benefits	326,741		
Other operating expenditures	113,331		
Capital outlay	17,699		
Total	<u>457,771</u>		
<b>Register of Deeds:</b>			
Salaries and employee benefits	525,436		
Other operating expenditures	829,191		
Capital outlay	1,500		
Total	<u>1,356,127</u>		
<b>Central Services:</b>			
Other operating expenditures		<u>891,668</u>	
<b>Building Maintenance:</b>			
Salaries and employee benefits	765,676		
Other operating expenditures	1,091,085		
Capital outlay	1,009,015		
Total	<u>2,865,776</u>		
<b>Grounds Maintenance:</b>			
Salaries and employee benefits	506,065		
Other operating expenditures	165,346		
Capital outlay	94,701		
Total	<u>766,112</u>		
<b>District Court:</b>			
Other operating expenditures		<u>40,974</u>	
<b>Total general government</b>	<u>12,220,663</u>	<u>12,030,635</u>	<u>190,028</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Public Safety:</b>			
<b>Sheriff Department:</b>			
Salaries and employee benefits		8,206,852	
Other operating expenditures		1,249,304	
Capital outlay		492,433	
Total		<u>9,948,589</u>	
<b>Communications:</b>			
Salaries and employee benefits		1,216,043	
Other operating expenditures		356,391	
Capital outlay		282,527	
Total		<u>1,854,961</u>	
<b>Jail:</b>			
Salaries and employee benefits		2,366,183	
Other operating expenditures		1,024,737	
Capital outlay		64,798	
Total		<u>3,455,718</u>	
<b>Jail Commissary:</b>			
Other operating expenditures		33,226	
Capital outlay		25,948	
Total		<u>59,174</u>	
<b>Emergency Management:</b>			
Salaries and employee benefits		143,018	
Other operating expenditures		143,095	
Capital outlay		98,127	
Total		<u>384,240</u>	
<b>Fire Marshal:</b>			
Salaries and employee benefits		225,557	
Other operating expenditures		70,562	
Capital outlay		10,935	
Total		<u>307,054</u>	
<b>Assistance to Local Volunteer Fire Departments:</b>			
Salaries and employee benefits		134,086	
Other operating expenditures		47,361	
Capital outlay		24,118	
Total		<u>205,565</u>	

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Planning:</b>			
Salaries and employee benefits		438,565	
Other operating expenditures		114,653	
Capital outlay		14,089	
<b>Total</b>	<b>567,307</b>		
<b>Inspections:</b>			
Salaries and employee benefits		1,080,535	
Other operating expenditures		250,486	
Capital outlay		111,818	
<b>Total</b>	<b>1,442,839</b>		
<b>Medical Examiner:</b>			
Other operating expenditures		40,393	
<b>Emergency Medical Services:</b>			
Salaries and employee benefits		5,746,468	
Other operating expenditures		1,029,564	
Capital outlay		557,595	
<b>Total</b>	<b>7,333,627</b>		
<b>Animal Control:</b>			
Salaries and employee benefits		739,164	
Other operating expenditures		453,509	
Capital outlay		51,011	
<b>Total</b>	<b>1,243,684</b>		
<b>Total public safety</b>	<b>28,044,031</b>	<b>26,843,151</b>	<b>1,200,880</b>
<b>Transportation:</b>			
<b>Transportation Lincoln County:</b>			
Salaries and employee benefits		854,409	
Other operating expenditures		354,766	
<b>Total transportation</b>	<b>1,256,117</b>	<b>1,209,175</b>	<b>46,942</b>
<b>Economic and Physical Development:</b>			
<b>Soil and Water Conservation:</b>			
Salaries and employee benefits		134,468	
Other operating expenditures		26,881	
<b>Total</b>	<b>161,349</b>		
<b>Natural Resources:</b>			
Salaries and employee benefits		160,529	
Other operating expenditures		13,127	
<b>Total</b>	<b>173,656</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, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Economic Development Commission/Projects:</b>			
Other operating expenditures		<u>1,315,635</u>	
<b>Community Development Block Grant:</b>			
Other operating expenditures		<u>17,020</u>	
<b>Cooperative Extension:</b>			
Salaries and employee benefits		54,884	
Other operating expenditures		<u>245,929</u>	
Total		<u>300,813</u>	
<b>Special Appropriations/Outside Agencies:</b>			
Other operating expenditures		<u>962,925</u>	
<b>Total economic and physical development</b>	<u>3,355,399</u>	<u>2,931,398</u>	<u>424,001</u>
<b>Culture and Recreation:</b>			
<b>Library:</b>			
Salaries and employee benefits		866,785	
Other operating expenditures		<u>547,919</u>	
Capital outlay		72,380	
Total		<u>1,487,084</u>	
<b>Recreation:</b>			
Salaries and employee benefits		497,500	
Other operating expenditures		<u>167,215</u>	
Capital outlay		54,599	
Total		<u>719,314</u>	
<b>Historical Properties:</b>			
Other operating expenditures		<u>388</u>	
<b>Total culture and recreation</b>	<u>2,409,003</u>	<u>2,206,786</u>	<u>202,217</u>
<b>Education:</b>			
Public schools		21,270,379	
Community college - current expense		<u>203,742</u>	
<b>Total education</b>	<u>21,474,121</u>	<u>21,474,121</u>	<u>-</u>
<b>Human Services:</b>			
<b>Health Administration:</b>			
Salaries and employee benefits		886,543	
Other operating expenditures		<u>301,229</u>	
Capital outlay		3,078	
Total		<u>1,190,850</u>	

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Immunization:</b>			
Salaries and employee benefits		66,376	
Other operating expenditures		45,585	
Total		<u>111,961</u>	
<b>Adult Health:</b>			
Salaries and employee benefits		96,824	
Other operating expenditures		4,208	
Total		<u>101,032</u>	
<b>BCCP - Health:</b>			
Salaries and employee benefits		7,877	
Other operating expenditures		24,046	
Total		<u>31,923</u>	
<b>Communicable Disease:</b>			
Salaries and employee benefits		52,034	
Other operating expenditures		8,304	
Total		<u>60,338</u>	
<b>Lab:</b>			
Salaries and employee benefits		99,428	
Other operating expenditures		39,073	
Total		<u>138,501</u>	
<b>Contracted Services:</b>			
Salaries and employee benefits		469,234	
Other operating expenditures		35,576	
Total		<u>504,810</u>	
<b>Health Promotion:</b>			
Salaries and employee benefits		49,240	
Other operating expenditures		4,850	
Total		<u>54,090</u>	
<b>Day Care:</b>			
Salaries and employee benefits		57,662	
Other operating expenditures		4,383	
Total		<u>62,045</u>	
<b>Maternal Health:</b>			
Salaries and employee benefits		150,982	
Other operating expenditures		6,257	
Total		<u>157,239</u>	

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Maternal Health Clinic:</b>			
Salaries and employee benefits		83,180	
Other operating expenditures		5,572	
Total		<u>88,752</u>	
<b>Family Planning:</b>			
Salaries and employee benefits		106,721	
Other operating expenditures		18,728	
Total		<u>125,449</u>	
<b>Child Health:</b>			
Salaries and employee benefits		132,185	
Other operating expenditures		3,610	
Total		<u>135,795</u>	
<b>Child Service Coordination:</b>			
Salaries and employee benefits		74,866	
Other operating expenditures		4,734	
Total		<u>79,600</u>	
<b>Women, Infants, and Children:</b>			
Salaries and employee benefits		355,159	
Other operating expenditures		26,553	
Capital outlay		3,581	
Total		<u>385,293</u>	
<b>School Health:</b>			
Salaries and employee benefits		457,707	
Other operating expenditures		24,405	
Capital outlay		8,621	
Total		<u>490,733</u>	
<b>Peer Counselor:</b>			
Salaries and employee benefits		<u>11,380</u>	
<b>Public Health Preparedness:</b>			
Salaries and employee benefits		59,102	
Other operating expenditures		3,384	
Total		<u>62,486</u>	
<b>Environmental Health:</b>			
Salaries and employee benefits		527,589	
Other operating expenditures		70,148	
Capital outlay		5,321	
Total		<u>603,058</u>	

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other Health Programs:</b>			
Salaries and employee benefits	964		
Other operating expenditures	21,032		
Total	<u>21,996</u>		
<b>Social Services Administration:</b>			
Salaries and employee benefits	1,122,600		
Other operating expenditures	579,229		
Capital outlay	91,402		
Total	<u>1,793,231</u>		
<b>Children's Services:</b>			
Salaries and employee benefits	2,301,800		
Other operating expenditures	1,046,978		
Total	<u>3,348,778</u>		
<b>Adolescent Parenting:</b>			
Salaries and employee benefits	60,124		
Other operating expenditures	1,852		
Total	<u>61,976</u>		
<b>Adult Services:</b>			
Salaries and employee benefits	680,125		
Other operating expenditures	445,435		
Total	<u>1,125,560</u>		
<b>State In-Home Care:</b>			
Other operating expenditures	<u>6,619</u>		
<b>Office on Aging - HCCBG:</b>			
Other operating expenditures	<u>218,383</u>		
<b>Child Support Enforcement:</b>			
Salaries and employee benefits	543,965		
Other operating expenditures	25,111		
Total	<u>569,076</u>		
<b>CAP - Disabled Adults:</b>			
Other operating expenditures	<u>107,937</u>		
<b>TANF Program:</b>			
Salaries and employee benefits	360,632		
Other operating expenditures	15,695		
Total	<u>376,327</u>		

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Family Medicaid:</b>			
Salaries and employee benefits		664,688	
Other operating expenditures		9,352	
Total		<u>674,040</u>	
<b>Adult Medicaid:</b>			
Salaries and employee benefits		780,737	
Other operating expenditures		19,706	
Total		<u>800,443</u>	
<b>Food and Nutrition:</b>			
Salaries and employee benefits		766,690	
Other operating expenditures		491,108	
Total		<u>1,257,798</u>	
<b>Food and Nutrition - Fraud:</b>			
Salaries and employee benefits		54,695	
Other operating expenditures		391	
Total		<u>55,086</u>	
<b>Assistance Programs:</b>			
SA Blind		3,440	
Child Daycare		785	
Total		<u>4,225</u>	
<b>Seniors' Health Insurance Information Program:</b>			
Other operating expenditures		<u>3,442</u>	
<b>Veterans Service Office:</b>			
Salaries and employee benefits		110,125	
Other operating expenditures		16,134	
Capital outlay		1,926	
Total		<u>128,185</u>	
<b>Juvenile Crime Prevention Council:</b>			
Salaries and employee benefits		7,068	
Other operating expenditures		171,095	
Total		<u>178,163</u>	
<b>Senior Services:</b>			
Salaries and employee benefits		284,362	
Other operating expenditures		343,842	
Total		<u>628,204</u>	
<b>Total human services</b>	<u>19,265,092</u>	<u>15,754,804</u>	<u>3,510,288</u>

**LINCOLN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Debt Service:</b>			
Principal retirement	9,200,850	9,200,850	-
Interest and fees	3,756,635	2,850,383	906,252
<b>Total debt service</b>	<b>12,957,485</b>	<b>12,051,233</b>	<b>906,252</b>
<b>Total expenditures</b>	<b>100,981,911</b>	<b>94,501,303</b>	<b>6,480,608</b>
<b>Revenues over (under) expenditures</b>	<b>(4,431,713)</b>	<b>4,595,148</b>	<b>9,026,861</b>
<b>Other Financing Sources (Uses):</b>			
Long-term debt issued	13,393,104	13,393,104	-
Payment to refunding bond escrow agent	(13,016,852)	(13,016,852)	-
Discount received from issuance of long-term debt	(60,823)	(60,823)	-
Transfers from other funds:			
General Capital Projects Fund	23,216	23,216	-
Special Grants Fund	2,600	2,600	-
Capital Reserve Fund	600,000	600,000	-
Transfers to other funds:			
General Capital Projects Fund	(1,608,908)	(1,608,908)	-
Special Grants Fund	(19,250)	(18,290)	960
Fund balance appropriated	5,118,626	-	(5,118,626)
<b>Total other financing sources (uses)</b>	<b>4,431,713</b>	<b>(685,953)</b>	<b>(5,117,666)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>3,909,195</b>	<b>\$ 3,909,195</b>
<b>Fund Balance, beginning</b>		<b>34,570,359</b>	
<b>Fund Balance, ending</b>		<b>\$ 38,479,554</b>	

## **GOVERNMENTAL ACTIVITIES OTHER MAJOR FUNDS**

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### **CAPITAL PROJECTS FUND**

Capital Projects Funds account for funds to be used for the acquisition or construction of major capital facilities other than those financed by propriety funds.

*General Capital Projects Fund* – This fund is used to account for financial resources to be used for the acquisition or construction of general capital projects not accounted for by an individual fund.

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## 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, 2018**

	<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	\$ 1,435,879	\$ 932,511	\$ 336,168	\$ 817,431	\$ 451,248
Contributions and donations	1,265,903	1,166,640	133	1,166,773	-
Investment earnings	-	1,373	35,165	-	36,538
Total revenues	<u>2,701,782</u>	<u>2,100,524</u>	<u>371,466</u>	<u>1,984,204</u>	<u>487,786</u>
<b>Expenditures:</b>					
Capital outlay					
Financial Software	545,926	545,926	-	545,926	-
IT Virtualization	85,464	84,764	-	84,764	-
Tax Department Renovation	100,000	-	11,400	-	11,400
Register of Deeds Automation	113,275	-	-	-	-
Hospital Renovations	7,450,000	1,789,258	4,530,001	-	6,319,259
Oaklawn School	714,575	658,120	-	-	658,120
Citizens Center Upgrade	3,147,000	1,887,033	130,572	-	2,017,605
Old Jail Renovation	951,187	951,187	-	951,187	-
Cronland Renovation	1,100,000	-	-	-	-
Communications Tower	972,271	972,271	-	972,271	-
PSAP Building	4,024,000	656	412,791	-	413,447
VIPER Project	4,537,831	-	4,032,780	-	4,032,780
Animal Services Expansion	100,000	-	29,172	-	29,172
Courthouse Renovation	1,000,000	-	153,000	-	153,000
Senior Services Expansion	800,000	-	99,776	-	99,776
West Lincoln Library	2,450,000	-	182,949	-	182,949
East Lincoln Community Center	1,103,013	1,103,012	-	1,103,012	-
West Lincoln Park	289,835	289,835	-	289,835	-
Rock Springs Park	1,035,864	1,035,863	-	1,035,863	-
Greenways	43,447	10,397	-	-	10,397
Rescue Park	1,695,119	1,695,990	-	1,695,990	-
Greenways II	50,000	15,994	34,006	50,000	-
Lincolnton Optimist Ballfield	87,693	87,693	-	87,693	-
Historical Properties	4,239	-	-	-	-
Total expenditures	<u>32,400,739</u>	<u>11,127,999</u>	<u>9,616,447</u>	<u>6,816,541</u>	<u>13,927,905</u>
Revenues over (under) expenditures	<u>(29,698,957)</u>	<u>(9,027,475)</u>	<u>(9,244,981)</u>	<u>(4,832,337)</u>	<u>(13,440,119)</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	22,849,004	4,342,005	10,935,896	2,295,005	12,982,896
Transfer from General Fund	7,461,612	5,852,704	1,608,908	3,139,519	4,322,093
Transfer to General Fund	(611,659)	(588,443)	(23,216)	(602,187)	(9,472)
Total other financing sources (uses)	<u>29,698,957</u>	<u>9,606,266</u>	<u>12,521,588</u>	<u>4,832,337</u>	<u>17,295,517</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 578,791</u>	<u>3,276,607</u>	<u>\$ -</u>	<u>\$ 3,855,398</u>
<b>Fund Balance, beginning</b>			<u>578,791</u>		
<b>Fund Balance, ending</b>			<u>\$ 3,855,398</u>		

# GOVERNMENTAL ACTIVITIES

## NONMAJOR FUNDS

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### SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of special revenue sources that are legally restricted to the expenditure for special purposes.

*Fire Districts Fund* – This fund accounts for the tax revenues collected by the County on behalf of the eleven fire districts located within the County.

*Law Enforcement Fund* – This fund is used to account for the revenue received by the Sheriff's Department from the controlled substance tax and the expenditure of those funds to deter and investigate drug crimes.

*Federal Law Enforcement Fund* – This fund is used to account for the revenue received by the Sheriff's Department through the federal Equitable Sharing Program and the expenditure of those funds to further narcotics enforcement efforts.

*Emergency Telephone System Fund* – Established in accordance with North Carolina law to account for the revenues received by the Communication Center for the 911 charges and the expenditure of those funds for the emergency telephone systems.

*Special Grants Fund* – This fund accounts for financial resources of various federal, State and local grants that span more than one fiscal year and are not accounted for by an individual fund.

### CAPITAL PROJECTS FUNDS

Capital Projects Funds account for funds to be used for the acquisition or construction of major capital facilities other than those financed by propriety funds.

*School Capital Projects Fund* – This accounts for the financing and construction of major capital projects for the school system and community college in the County.

*Capital Reserve Fund* – This fund is used to account for the accumulation of funds received from lottery proceeds and for transfers of these funds to the General Fund approved to fund debt service.

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**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<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	\$ 24,568	\$ 36,718	\$ 100,681	\$ 314,959	\$ 138,113
Taxes receivable, net	142,523	-	-	-	-
Accounts receivable, net	70,713	14	39	249,384	20,730
Due from other governments	-	777	163	5,196	3,627
<b>Total assets</b>	<b>\$ 237,804</b>	<b>\$ 37,509</b>	<b>\$ 100,883</b>	<b>\$ 569,539</b>	<b>\$ 162,470</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and other accrued liabilities	\$ 95,281	\$ -	\$ 1,831	\$ 19,973	\$ 61,039
Prepaid fees	-	-	-	-	2,351
<b>Total liabilities</b>	<b>95,281</b>	<b>-</b>	<b>1,831</b>	<b>19,973</b>	<b>63,390</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable taxes	142,523	-	-	-	-
<b>Fund Balances:</b>					
Restricted:					
Stabilization for State statute	70,713	791	202	1,913,407	24,357
Public safety	-	36,718	98,850	-	6,000
Transportation	-	-	-	-	52,828
Culture and recreation	-	-	-	-	24,015
Committed:					
Future capital projects	-	-	-	-	-
Unassigned	(70,713)	-	-	(1,363,841)	(8,120)
<b>Total fund balances</b>	<b>-</b>	<b>37,509</b>	<b>99,052</b>	<b>549,566</b>	<b>99,080</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 237,804</b>	<b>\$ 37,509</b>	<b>\$ 100,883</b>	<b>\$ 569,539</b>	<b>\$ 162,470</b>

**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<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	\$ -	\$ 556,532		\$ 1,171,571
Taxes receivable, net	-	-		142,523
Accounts receivable, net	-	217		341,097
Due from other governments	-	-		9,763
Total assets	<u>\$ -</u>	<u>\$ 556,749</u>		<u>\$ 1,664,954</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities	\$ -	\$ -		\$ 178,124
Prepaid fees	-	-		2,351
Total liabilities	<u>-</u>	<u>-</u>		<u>180,475</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable taxes	<u>-</u>	<u>-</u>		<u>142,523</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization for State statute	-	217		2,009,687
Public safety	-	-		141,568
Transportation	-	-		52,828
Culture and recreation	-	-		24,015
Committed:				
Future capital projects	-	556,532		556,532
Unassigned	-	-		(1,442,674)
Total fund balances	<u>-</u>	<u>556,749</u>		<u>1,341,956</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 556,749</u>		<u>\$ 1,664,954</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	Fire Districts Fund	Law Enforcement Fund	Federal Law Enforcement Fund	Emergency Telephone Systems Fund	Special Grants Fund
<b>Revenues:</b>					
Ad valorem taxes	\$ 7,762,042	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenue	-	26,731	29,417	750,807	111,667
Contributions and donations	-	-	-	-	100,000
Investment earnings	-	614	981	3,956	-
<b>Total revenues</b>	<b>7,762,042</b>	<b>27,345</b>	<b>30,398</b>	<b>754,763</b>	<b>211,667</b>
<b>Expenditures:</b>					
Current:					
Public safety	7,762,042	47,045	3,657	741,196	-
Transportation	-	-	-	-	55,966
Culture and recreation	-	-	-	-	118,684
Human services	-	-	-	-	13,476
Capital outlay - education	-	-	-	-	-
<b>Total expenditures</b>	<b>7,762,042</b>	<b>47,045</b>	<b>3,657</b>	<b>741,196</b>	<b>188,126</b>
Revenues over (under) expenditures	-	(19,700)	26,741	13,567	23,541
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	-	-	-	-	18,290
Transfers to other funds	-	-	-	-	(2,600)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,690</b>
Net change in fund balances	-	(19,700)	26,741	13,567	39,231
<b>Fund balances, beginning</b>	<b>-</b>	<b>57,209</b>	<b>72,311</b>	<b>535,999</b>	<b>59,849</b>
<b>Fund balances, ending</b>	<b>\$ -</b>	<b>\$ 37,509</b>	<b>\$ 99,052</b>	<b>\$ 549,566</b>	<b>\$ 99,080</b>

**LINCOLN COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<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	\$ -	\$ -	\$ 7,762,042
Restricted intergovernmental revenue	-	576,000	1,494,622
Contributions and donations	-	-	100,000
Investment earnings	420	6,230	12,201
Total revenues	<u>420</u>	<u>582,230</u>	<u>9,368,865</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	8,553,940
Transportation	-	-	55,966
Culture and recreation	-	-	118,684
Human services	-	-	13,476
Capital outlay	253,992	-	253,992
Total expenditures	<u>253,992</u>	<u>-</u>	<u>8,996,058</u>
Revenues over (under) expenditures	<u>(253,572)</u>	<u>582,230</u>	<u>372,807</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	-	-	18,290
Transfers to other funds	-	(600,000)	(602,600)
Total other financing sources (uses)	<u>-</u>	<u>(600,000)</u>	<u>(584,310)</u>
Net change in fund balances	<u>(253,572)</u>	<u>(17,770)</u>	<u>(211,503)</u>
<b>Fund balances, beginning</b>	<u>253,572</u>	<u>574,519</u>	<u>1,553,459</u>
<b>Fund balances, ending</b>	<u>\$ -</u>	<u>\$ 556,749</u>	<u>\$ 1,341,956</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, 2018**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes	\$ 7,777,309	\$ 7,762,042	\$ (15,267)
<b>Expenditures:</b>			
Alexis Fire District	393,616	384,871	8,745
Boger City Fire District	706,052	703,957	2,095
Crouse Fire District	113,741	112,725	1,016
Denver Fire District	2,260,423	2,267,014	(6,591)
East Lincoln Fire District	2,118,849	2,115,505	3,344
Howard's Creek Fire District	316,174	312,252	3,922
North 321 Fire District	319,440	319,941	(501)
North Brook Fire District	359,737	360,095	(358)
Pumpkin Center Fire District	499,439	498,286	1,153
South Fork Fire District	353,464	351,190	2,274
Union Fire District	336,374	336,206	168
Total expenditures	<u>7,777,309</u>	<u>7,762,042</u>	<u>15,267</u>
Net change in fund balance	\$ -	-	\$ -
<b>Fund Balance, beginning</b>			
<b>Fund Balance, ending</b>			

## 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, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Restricted intergovernmental			
Federal grants	\$ 15,000	\$ 26,731	\$ 11,731
Investment earnings	25	614	589
Total revenues	<u>15,025</u>	<u>27,345</u>	<u>12,320</u>
<b>Expenditures:</b>			
Public safety			
Other operating expenditures		11,485	
Capital Outlay		35,560	
Total expenditures	<u>40,635</u>	<u>47,045</u>	<u>(6,410)</u>
Revenues over (under) expenditures	(25,610)	(19,700)	5,910
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	<u>25,610</u>	<u>-</u>	<u>(25,610)</u>
Net change in fund balance	<u>\$ -</u>	<u>(19,700)</u>	<u>\$ (19,700)</u>
<b>Fund Balance, beginning</b>		<u>57,209</u>	
<b>Fund Balance, ending</b>		<u>\$ 37,509</u>	

**LINCOLN COUNTY, NORTH CAROLINA**

**SPECIAL REVENUE - FEDERAL LAW ENFORCEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Restricted intergovernmental revenue			
Federal grants	\$ 10,000	\$ 29,417	\$ 19,417
Investment earnings	50	981	931
Total revenues	<u>10,050</u>	<u>30,398</u>	<u>20,348</u>
<b>Expenditures:</b>			
Public safety	<u>23,660</u>	<u>3,657</u>	<u>20,003</u>
Revenues over (under) expenditures	(13,610)	26,741	40,351
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	<u>13,610</u>	<u>-</u>	<u>(13,610)</u>
Net change in fund balance	<u>\$ -</u>	<u>26,741</u>	<u>\$ 26,741</u>
<b>Fund Balance, beginning</b>		<u>72,311</u>	
<b>Fund Balance, ending</b>		<u>\$ 99,052</u>	

## LINCOLN COUNTY, NORTH CAROLINA

**SPECIAL REVENUE - EMERGENCY TELEPHONE SYSTEMS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Restricted Intergovernmental:			
North Carolina 911 funds	\$ 309,000	\$ 309,876	\$ 876
North Carolina 911 grant - G2017-6	2,099,759	440,931	(1,658,828)
Investment earnings	1,200	3,956	2,756
Total revenues	<u>2,409,959</u>	<u>754,763</u>	<u>(1,655,196)</u>
<b>Expenditures:</b>			
Public Safety:			
Other operating expenditures		236,622	
Capital outlay		504,574	
Total expenditures	<u>2,542,926</u>	<u>741,196</u>	<u>1,801,730</u>
Revenues over (under) expenditures	(132,967)	13,567	146,534
<b>Other Financing Sources:</b>			
Fund balance appropriated	<u>132,967</u>	<u>-</u>	<u>(132,967)</u>
Net change in fund balance	<u>\$ -</u>	<u>13,567</u>	<u>\$ 13,567</u>
<b>Fund Balance, beginning</b>		<u>535,999</u>	
<b>Fund Balance, ending</b>		<u>\$ 549,566</u>	

**LINCOLN COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEMS FUND UNSPENT BALANCE  
PSAP RECONCILIATION  
JUNE 30, 2018**

Amounts reported on the Emergency Telephone System Fund Budget and Actual (Schedule C-6) are different from the PSAP Revenue-Expenditure Report because:

Net change in fund balance, reported on budget and actual	\$ 13,567
Grant revenue	440,931
Grant expenditure	(440,931)
<b>Total PSAP revenues and expenditures</b>	<b>13,567</b>
Beginning balance, PSAP Revenue - Expenditure Report	<u>660,396</u>
Ending balance, PSAP Revenue - Expenditure Report	<u><u>\$ 673,963</u></u>

## LINCOLN COUNTY, NORTH CAROLINA

**SPECIAL REVENUE - SPECIAL GRANTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Project Authorization</b>	<b>Actual</b>			
		<b>Prior Years</b>	<b>Current Year</b>	<b>Closed Projects</b>	<b>Total to Date</b>
<b>Revenues:</b>					
Restricted intergovernmental revenue					
Federal and State grants	\$ 1,181,102	\$ 632,071	\$ 111,667	\$ 474,339	\$ 269,399
Contributions	179,000	4,000	100,000	69,350	34,650
Total revenues	<u>1,360,102</u>	<u>636,071</u>	<u>211,667</u>	<u>543,689</u>	<u>304,049</u>
<b>Expenditures:</b>					
General government					
Commerce Fellows	24,876	23,214	-	23,214	-
Public safety					
Byrne JAG	14,027	-	-	-	-
NCHFA grant	181,000	-	-	-	-
Transportation					
Transportation Lincoln County vehicles	695,091	492,806	55,966	492,806	55,966
Culture and Recreation					
Petco grant	175,000	-	7,741	-	7,741
LSTA EZ literacy FY 16	57,990	57,990	-	57,990	-
LSTA EZ grant	5,372	5,372	-	5,372	-
LSTA EZ literacy FY 17	55,000	55,025	-	-	55,025
LSTA planning FY 17	19,350	19,350	-	19,350	-
Rural gateway grant	2,000	1,219	232	-	1,451
Dorothy Louise Kyler	4,000	3,099	-	-	3,099
LSTA EZ literacy FY 18	55,740	-	55,749	-	55,749
Rescue squad park paving	150,000	-	54,962	-	54,962
Human services					
Emergency solutions grant	15,850	-	11,077	-	11,077
MIPPA grant	2,744	395	2,399	-	2,794
Total expenditures	<u>1,458,040</u>	<u>658,470</u>	<u>188,126</u>	<u>598,732</u>	<u>247,864</u>
Revenues over (under) expenditures	<u>(97,938)</u>	<u>(22,399)</u>	<u>23,541</u>	<u>(55,043)</u>	<u>56,185</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds					
General Fund	100,538	82,248	18,290	57,643	42,895
Transfers to other funds					
General Fund	(2,600)	-	(2,600)	(2,600)	-
Total other financing sources (uses)	<u>97,938</u>	<u>82,248</u>	<u>15,690</u>	<u>55,043</u>	<u>42,895</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 59,849</u>	<u>39,231</u>	<u>\$ -</u>	<u>\$ 99,080</u>
<b>Fund Balance, beginning</b>			<u>59,849</u>		
<b>Fund Balance, ending</b>			<u>\$ 99,080</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, 2018**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Closed Projects</b>	<b>Total to Date</b>
<b>Revenues:</b>					
Investment earnings	\$ 301,000	\$ 253,572	\$ 420	\$ 253,992	\$ -
<b>Expenditures:</b>					
Capital outlay					
Education	<u>301,000</u>	<u>-</u>	<u>253,992</u>	<u>253,992</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 253,572</u>	<u>(253,572)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance, beginning</b>			<u>253,572</u>		
<b>Fund Balance, ending</b>			<u>\$ -</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, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Restricted Intergovernmental:			
Lottery proceeds	\$ 600,000	\$ 576,000	\$ (24,000)
Investment earnings	-	6,230	6,230
Total revenues	<u>600,000</u>	<u>582,230</u>	<u>(17,770)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds			
General Fund	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(17,770)</u>	<u>\$ (17,770)</u>
<b>Fund Balance, beginning</b>		<u>574,519</u>	
<b>Fund Balance, ending</b>		<u>\$ 556,749</u>	

## BUSINESS-TYPE ACTIVITIES

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### ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

*Water and Sewer Fund* - This fund is used to account for the activities associated with the production, distribution and transmission of potable water by the County to its users and for the operation and maintenance of the County's sewer system.

*Water and Sewer Capital Fund* - This fund accounts for the financing and construction of all major water and sewer capital projects of the County.

*Solid Waste Fund* - This fund is used to account for operations of the County's solid waste activities.

*East Lincoln County Water and Sewer District Fund* - This fund is used to account for ad valorem taxes previously levied to pay for debt issue for the East Lincoln Sewer District.

### INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis.

*Health Insurance Fund* – This fund is used to account for the medical claims of the County's employees and their covered dependents.

*Workers' Compensation Fund* – This fund is used to account for the provision of workers compensation insurance.

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**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, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
Water and sewer charges/fees		\$ 12,883,489	
Water and sewer taps		448,115	
Other operating revenues		26,550	
Total operating revenues	\$ 10,763,704	13,358,154	\$ 2,594,450
<b>Non-Operating Revenues:</b>			
Miscellaneous revenue		100,392	
Investment income		115,724	
Total non-operating revenues	15,000	216,116	201,116
Total revenues	10,778,704	13,574,270	2,795,566
<b>Expenditures:</b>			
<b>Water System:</b>			
Salaries and employee benefits		839,213	
Other operating costs		1,785,387	
Capital outlay		308,223	
Total water system		2,932,823	
<b>Sewer System:</b>			
Salaries and employee benefits		559,224	
Other operating costs		1,071,584	
Capital outlay		137,010	
Total sewer system		1,767,818	
<b>Water Treatment Plant:</b>			
Salaries and employee benefits		619,796	
Other operating costs		557,093	
Total water treatment plant		1,176,889	
<b>Wastewater Treatment Plant - Killian Creek:</b>			
Salaries and employee benefits		315,181	
Other operating costs		483,668	
Total wastewater treatment - Killian Creek		798,849	
Total environmental protection	7,451,363	6,676,379	774,984
<b>Debt Service:</b>			
Principal	1,700,779	1,700,779	-
Interest	482,899	480,994	1,905
Total debt service	2,183,678	2,181,773	1,905

**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, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Total expenditures	9,635,041	8,858,152	776,889
Revenues over (under) expenditures	<u>1,143,663</u>	<u>4,716,118</u>	<u>3,572,455</u>

**Other Financing Sources (Uses):**

Transfers from other funds:			
Water and Sewer Capital Projects Fund	215,543	215,543	-
East Lincoln County Water and Sewer District Fund	167,535	167,534	(1)
Transfers to other funds:			
Water and Sewer Capital Projects Fund	(3,727,172)	(3,727,172)	-
Fund balance appropriated	2,200,431	-	(2,200,431)
Total other financing sources (uses)	<u>(1,143,663)</u>	<u>(3,344,095)</u>	<u>(2,200,432)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,372,023</u>	<u>\$ 1,372,023</u>

**Reconciliation from budgetary basis (modified accrual) to full accrual:**

Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 1,372,023</u>
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**Reconciling items:**

Debt principal	1,700,779
Capital outlay capitalized	441,407
Water and Sewer Capital Fund activity:	
Interest income	55,883
Intrafund transfers	3,511,629
Capital contributions	3,689,013
Depreciation	(3,471,386)
(Decrease) in deferred outflows of resources - pensions	(326,466)
Decrease in net pension liability	339,390
Decrease in deferred inflows of resources - pensions	15,335
Increase in deferred outflows of resources - OPEB	8,478
Decrease in total OPEB liability	150,906
(Increase) in deferred inflows of resources - OPEB	(227,623)
(Increase) in compensated absences	(6,504)
Decrease in accrued interest payable	60,386
Total reconciling items	<u>5,941,227</u>
Change in net position	<u>\$ 7,313,250</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, 2018**

	Project Authorization	Prior Years	Current Year	Closed Projects	Actual Total to Date
<b>Revenues:</b>					
Investment earnings	\$ 120,529	\$ 55,279	\$ 55,883	\$ -	\$ 111,162
Miscellaneous	17,248	17,247	-	-	17,247
Total revenues	<u>137,777</u>	<u>72,526</u>	<u>55,883</u>	<u>-</u>	<u>128,409</u>
<b>Expenditures:</b>					
Capital outlay					
Financial Software Conversion	104,234	75,640	28,594	104,234	-
Raw Water Intake Project	200,000	-	-	-	-
NC 16 Waterline Phase II	1,200,000	48,295	596,197	-	644,492
St James/Kidville Waterline	1,200,000	24,367	1,500	-	25,867
NC 16 Waterline Phase III	1,200,000	-	-	-	-
Water Plant Expansion (A)	4,007,921	9,374	-	9,374	-
Water Plant Expansion (B)	8,863,000	514,706	126,824	-	641,530
Highway 73 Waterline	668,172	-	141,214	-	141,214
Reepsville Road Waterline	550,000	-	-	-	-
Lowesville Sewer Redirection	2,542,168	2,062,950	346,595	-	2,409,545
Pump Station 8 & 9 Rehab	365,000	-	21,641	-	21,641
Wastewater Treatment Plant Expansion	1,068,000	49,400	819,393	-	868,793
Capital outlay	<u>21,968,495</u>	<u>2,784,732</u>	<u>2,081,958</u>	<u>113,608</u>	<u>4,753,082</u>
Revenues over (under) expenditures	<u>(21,830,718)</u>	<u>(2,712,206)</u>	<u>(2,026,075)</u>	<u>(113,608)</u>	<u>(4,624,673)</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	9,052,034	-	-	-	-
Transfers from other funds:					
Water and Sewer Fund	13,599,759	4,862,833	3,727,172	182,000	8,408,005
Transfers to other funds:					
Water and Sewer Fund	(821,075)	(605,532)	(215,543)	(68,392)	(752,683)
Total other financing sources (uses)	<u>21,830,718</u>	<u>4,257,301</u>	<u>3,511,629</u>	<u>113,608</u>	<u>7,655,322</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,545,095</u>	<u>\$ 1,485,554</u>	<u>\$ -</u>	<u>\$ 3,030,649</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, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
Solid waste charges/tipping fees	\$ 762,880	\$ 937,178	\$ 174,298
<b>Non-Operating Revenues:</b>			
Availability fees	3,588,642		
White goods disposal tax	52,517		
Tire disposal tax	109,568		
Franchise fees	40,866		
Solid waste disposal tax	59,144		
NC electronics management fund distribution	6,548		
Miscellaneous	980		
Investment earnings	87,161		
Total non-operating revenues	<u>3,599,248</u>	<u>3,945,426</u>	<u>346,178</u>
Total revenues	<u>4,362,128</u>	<u>4,882,604</u>	<u>520,476</u>
<b>Expenditures:</b>			
<b>Landfill Operations:</b>			
Salaries and employee benefits	1,984,029		
Other operating costs	1,424,279		
Capital outlay	769,953		
Total Landfill Operations	<u>4,283,197</u>	<u>4,178,261</u>	<u>104,936</u>
<b>Debt Service:</b>			
Principal	910,551	910,549	2
Interest	123,381	115,468	7,913
Total Debt Service	<u>1,033,932</u>	<u>1,026,017</u>	<u>7,915</u>
Total expenditures	<u>5,317,129</u>	<u>5,204,278</u>	<u>112,851</u>
Revenues over (under) expenditures	<u>(955,001)</u>	<u>(321,674)</u>	<u>633,327</u>
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	<u>955,001</u>	<u>-</u>	<u>(955,001)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (321,674)</u>	<u>\$ (321,674)</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, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ (321,674)</u>	
<b>Reconciling items:</b>			
Debt principal	910,549		
Capital outlay capitalized	769,953		
Depreciation	(960,442)		
(Decrease) in deferred outflows of resources - pensions	(296,037)		
Decrease in net pension liability	312,191		
Decrease in deferred inflows of resources - pensions	14,103		
Increase in deferred outflows of resources - OPEB	6,782		
Decrease in total OPEB liability	120,725		
(Increase) in deferred inflows of resources - OPEB	(182,098)		
(Increase) in compensated absences	(11,817)		
Decrease in accrued interest payable	36,917		
(Increase) in landfill closure and post-closure costs	(1,572,912)		
Total reconciling items	<u>(852,086)</u>		
Change in net position	<u>\$ (1,173,760)</u>		

**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, 2018**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
<b>Non-Operating Revenues:</b>			
Ad valorem taxes			
Prior years	\$ 2,819		
Penalties and interest	1,463		
Total revenues	<u>\$ -</u>	<u>4,282</u>	<u>\$ 4,282</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds:			
Water and Sewer Fund	(167,535)	(167,534)	1
Fund balance appropriated	<u>167,535</u>	<u>-</u>	<u>(167,535)</u>
Total other financing sources (uses)	<u>-</u>	<u>(167,534)</u>	<u>(167,534)</u>
<b>Change in Net Position</b>	<b><u>\$ -</u></b>	<b><u>\$ (163,252)</u></b>	<b><u>\$ (163,252)</u></b>

**LINCOLN COUNTY, NORTH CAROLINA****COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2018**

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Total Internal Service Funds</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 4,417,740	\$ 522,603	\$ 4,940,343
Accounts receivable, net	1,723	204	1,927
Prepaid items	335,211	10,000	345,211
Total assets	<u>4,754,674</u>	<u>532,807</u>	<u>5,287,481</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and other accrued liabilities	<u>1,152,470</u>	<u>516,726</u>	<u>1,669,196</u>
<b>Net Position:</b>			
Unrestricted	<u>3,602,204</u>	<u>16,081</u>	<u>3,618,285</u>
Total net position	<u>\$ 3,602,204</u>	<u>\$ 16,081</u>	<u>\$ 3,618,285</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, 2018**

	<b>Health Insurance Fund</b>	<b>Workers' Compensation Fund</b>	<b>Total Internal Service Funds</b>
<b>Operating Revenues:</b>			
Contributions from employer	\$ 7,034,305	\$ -	\$ 7,034,305
Contributions from employees	1,077,266	-	1,077,266
Workers' compensation premiums	-	1,287,803	1,287,803
Other contributions	-	-	-
Total operating revenues	<u>8,111,571</u>	<u>1,287,803</u>	<u>9,399,374</u>
<b>Operating Expenses:</b>			
Administration and consulting fees	1,388,778	148,524	1,537,302
Health and workers' compensation claims	6,428,190	772,358	7,200,548
Total operating expenses	<u>7,816,968</u>	<u>920,882</u>	<u>8,737,850</u>
Operating income (loss)	294,603	366,921	661,524
<b>Non-Operating Revenues:</b>			
Investment earnings	<u>51,276</u>	<u>336</u>	<u>51,612</u>
Change in net position	345,879	367,257	713,136
<b>Net position, beginning</b>	<u>3,256,325</u>	<u>(351,176)</u>	<u>2,905,149</u>
<b>Net position, ending</b>	<u>\$ 3,602,204</u>	<u>\$ 16,081</u>	<u>\$ 3,618,285</u>

## LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Health Insurance Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 8,111,430	\$ 1,287,618	\$ 9,399,048
Cash paid for goods and services	(7,703,885)	(863,313)	(8,567,198)
Net cash provided by operating activities	<u>407,545</u>	<u>424,305</u>	<u>831,850</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	<u>51,276</u>	<u>336</u>	<u>51,612</u>
Net increase in cash and cash equivalents	<u>458,821</u>	<u>424,641</u>	<u>883,462</u>
<b>Cash and cash equivalents - beginning</b>	<u>3,958,919</u>	<u>97,962</u>	<u>4,056,881</u>
<b>Cash and cash equivalents - ending</b>	<u><u>\$ 4,417,740</u></u>	<u><u>\$ 522,603</u></u>	<u><u>\$ 4,940,343</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	<u>\$ 294,603</u>	<u>\$ 366,921</u>	<u>\$ 661,524</u>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
(Increase) in receivables	<u>(141)</u>	<u>(185)</u>	<u>(326)</u>
Decrease in prepaids	<u>25,756</u>	<u>-</u>	<u>25,756</u>
Increase in accounts payable	<u>87,327</u>	<u>57,569</u>	<u>144,896</u>
Total adjustments	<u><u>112,942</u></u>	<u><u>57,384</u></u>	<u><u>170,326</u></u>
Net cash provided by operating activities	<u><u>\$ 407,545</u></u>	<u><u>\$ 424,305</u></u>	<u><u>\$ 831,850</u></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, 2018**

	<b>Financial Plan</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues:</b>			
Contributions from employer	\$ 6,300,000	\$ 7,034,305	\$ 734,305
Contributions from employees	1,100,000	1,077,266	(22,734)
Total operating revenues	<u>7,400,000</u>	<u>8,111,571</u>	<u>711,571</u>
<b>Operating Expenditures:</b>			
Administration and consulting fees	1,249,000	1,388,778	(139,778)
Health claims	6,513,000	6,428,190	84,810
Total operating expenditures	<u>7,762,000</u>	<u>7,816,968</u>	<u>(54,968)</u>
Operating income (loss)	(362,000)	294,603	656,603
<b>Non-Operating Revenues:</b>			
Investment earnings	12,000	51,276	39,276
<b>Other Financing Sources:</b>			
Fund balance appropriated	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ 345,879</u>	<u>\$ 345,879</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, 2018**

	<b>Financial Plan</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues:</b>			
Workers' compensation premiums	\$ 1,318,200	\$ 1,287,803	\$ (30,397)
<b>Operating Expenditures:</b>			
Administration and consulting fees	150,024	148,524	1,500
Workers' compensation claims	1,417,476	772,358	645,118
Reserve	60,800	-	60,800
Total operating expenditures	1,628,300	920,882	707,418
Operating income (loss)	(310,100)	366,921	677,021
<b>Non-Operating Revenues:</b>			
Investment earnings	100	336	236
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	310,000	-	(310,000)
Change in net position - budgetary basis	\$ -	\$ 367,257	\$ 367,257

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

## **FIDUCIARY FUNDS**

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### **AGENCY FUNDS**

Agency Funds are used to account for funds held by the County as an agent for individual, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

*Social Services Fund* - This fund is used to account for the monies held by the Social Services Department for the benefit of certain individuals for whom the County serves as agent.

*Tax Collector Fund* - This fund accounts for the funds collected by the Tax Collector's office on behalf of the municipal entity within the County.

*Register of Deeds SB202 Fund* - This fund is used to account for the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the North Carolina State Treasurer.

*Inmate Trust Fund* - This fund is used to account for monies held on behalf of inmates of the County jail.

*Miscellaneous Fund* - This fund accounts for monies held by the Sheriff's Department as a result of gathering evidence or executing court orders, and held for the Soil and Water Conservation District for the No-till Drill program.

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**LINCOLN COUNTY, NORTH CAROLINA****AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>
<b>Social Services:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 120,376</u>	<u>\$ 266,383</u>	<u>\$ (268,268)</u>	<u>\$ 118,491</u>
<b>Liabilities:</b>				
Intergovernmental payable	<u>\$ 120,376</u>	<u>\$ 266,383</u>	<u>\$ (268,268)</u>	<u>\$ 118,491</u>
<b>Tax Collector Fund:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 76,062</u>	<u>\$ 4,852,533</u>	<u>\$ (4,854,712)</u>	<u>\$ 73,883</u>
Liabilities:				
Intergovernmental payable	<u>\$ 76,062</u>	<u>\$ 4,852,533</u>	<u>\$ (4,854,712)</u>	<u>\$ 73,883</u>
<b>Register of Deeds SB202 Fund:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 6,057</u>	<u>\$ 69,074</u>	<u>\$ (68,447)</u>	<u>\$ 6,684</u>
Liabilities:				
Intergovernmental payable	<u>\$ 6,057</u>	<u>\$ 69,074</u>	<u>\$ (68,447)</u>	<u>\$ 6,684</u>
<b>Inmate Trust Fund:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 21,757</u>	<u>\$ 310,428</u>	<u>\$ (295,818)</u>	<u>\$ 36,367</u>
Liabilities:				
Intergovernmental payable	<u>\$ 21,757</u>	<u>\$ 310,428</u>	<u>\$ (295,818)</u>	<u>\$ 36,367</u>
<b>Miscellaneous Fund:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 178,856</u>	<u>\$ 167,767</u>	<u>\$ (123,332)</u>	<u>\$ 223,291</u>
Liabilities:				
Intergovernmental payable	<u>\$ 178,856</u>	<u>\$ 167,767</u>	<u>\$ (123,332)</u>	<u>\$ 223,291</u>
<b>Totals - All Agency Funds:</b>				
Assets:				
Cash and investments	<u>\$ 403,108</u>	<u>\$ 5,666,185</u>	<u>\$ (5,610,577)</u>	<u>\$ 458,716</u>
Liabilities:				
Intergovernmental payable	<u>\$ 403,108</u>	<u>\$ 5,666,185</u>	<u>\$ (5,610,577)</u>	<u>\$ 458,716</u>

## **OTHER SCHEDULES**

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This section contains additional information required on property taxes and transfers.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

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**LINCOLN COUNTY, NORTH CAROLINA****GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2018**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2017</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2018</b>
2017-2018	\$ -	\$ 56,068,855	\$ 55,385,593	\$ 683,262
2016-2017	777,971	-	474,540	303,431
2015-2016	382,212	-	227,948	154,264
2014-2015	215,054	-	130,204	84,850
2013-2014	178,975	-	53,138	125,837
2012-2013	133,869	-	14,672	119,197
2011-2012	117,445	-	8,040	109,405
2010-2011	78,868	-	4,488	74,380
2009-2010	74,937	-	3,589	71,348
2008-2009	80,154	-	4,380	75,774
2007-2008	72,758	-	72,758	-
<b>Total</b>	<b>\$ 2,112,243</b>	<b>\$ 56,068,855</b>	<b>\$ 56,379,350</b>	<b>\$ 1,801,748</b>

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund (770,773)**Ad Valorem Taxes Receivable, Net**General Fund \$ 1,030,975**Reconciliation of Collections and Credits with Revenues:**Ad valorem taxes - General Fund \$ 55,972,065

Reconciling items:

Interest (349,085)Abatements related to prior years (1,298)2% discount allowed 688,398Taxes written off 70,583Collection of taxes previously written off (1,313)Total collections and credits \$ 56,379,350

## LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2018

	Total Levy				
	County-Wide		Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate			
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 9,132,317,205	\$ 0.611	\$ 55,798,458	\$ 50,594,430	\$ 5,204,028
Penalties	-		60,822	60,822	-
<b>Total</b>	<b>9,132,317,205</b>		<b>55,859,280</b>	<b>50,655,252</b>	<b>5,204,028</b>
<b>Discoveries:</b>					
Current year taxes	8,817,385	0.611	53,873	53,360	513
Prior year taxes	-		171,650	171,650	-
Penalties	-		47,919	47,919	-
<b>Total</b>	<b>8,817,385</b>		<b>273,442</b>	<b>272,929</b>	<b>513</b>
<b>Releases</b>			(63,867)	(63,867)	-
Total property valuation	<b>\$ 9,130,681,665</b>				
<b>Net Levy</b>			56,068,855	50,864,314	5,204,541
<b>Uncollected taxes at June 30, 2018</b>			683,262	683,233	29
<b>Current Year's Taxes Collected</b>			<b>\$ 55,385,593</b>	<b>\$ 50,181,081</b>	<b>\$ 5,204,512</b>
<b>Current Levy Collection Percentage</b>			<b>98.78%</b>	<b>98.66%</b>	<b>100.00%</b>
<b>Secondary Market Disclosures:</b>					
<b>Assessed Valuation:</b>					
Assessment Ratio <sup>(1)</sup>					100%
Real property					\$ 7,176,576,853
Personal property					682,451,383
Public service companies <sup>(2)</sup>					419,846,478
Registered vehicles					851,806,951
<b>Total assessed valuation</b>					<b>9,130,681,665</b>
Tax rate per \$100 <sup>(3)</sup>					0.611
<b>Levy (includes discoveries, releases, and abatements)<sup>(4)</sup></b>					<b>\$ 56,068,855</b>
In addition to the County-wide rate, the County levies taxes on behalf of several fire districts					\$ 7,776,389

<sup>(1)</sup> Percentage of appraised value has been established by statute.<sup>(2)</sup> Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.<sup>(3)</sup> The assessed value times the tax rate will not equal the amount of the levy because the levy includes discoveries and releases at prior years' rates.<sup>(4)</sup> The levy includes penalties.

# STATISTICAL SECTION

## (Unaudited)

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This part of the Lincoln County Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

### Contents

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

Net Position by Component	Table 1
Changes in Net Position	Table 2
Fund Balances, Governmental Funds	Table 3
Changes in Fund Balances, Governmental Funds	Table 4

**Revenue Capacity** - These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.

Assessed Value and Actual Value of Taxable Property	Table 5
Property Tax Rates-Direct and Overlapping Governments	Table 6
Principal Property Taxpayers	Table 7
Property Tax Levies and Collections	Table 8

**Debt Capacity** - These tables 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.

Ratios of Outstanding Debt by Type	Table 9
Ratios of General Bonded Debt Outstanding	Table 10
Legal Debt Margin Information	Table 11
Direct and Overlapping Governmental Activities Debt	Table 12

**Demographic and Economic Information** - These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Demographic and Economic Statistics	Table 13
Principal Employers	Table 14

**Operating Information** - These tables 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.

Full-Time Equivalent County Government Employees	
By Function	Table 15
Operating Indicators by Function	Table 16
Capital Asset Statistics by Function	Table 17

**Sources:** Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Reports for the relevant year.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 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	\$ 59,504,444
Restricted				13,918,975	14,286,857	9,177,119	7,513,118	8,895,232	12,339,420	14,351,029
Unrestricted		(72,813,944)	(84,710,471)	(87,582,889)	(104,678,297)	(102,610,445)	(91,146,587)	(82,089,234)	(72,836,306)	(69,053,644)
Total governmental activities net position	(52,425,183)	(59,258,992)	(37,288,394)	(38,543,890)	(33,423,027)	(27,823,148)	(22,167,090)	(8,281,644)	2,280,980	(15,025,189)
Business-type activities										
Net investment in capital assets	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	64,708,737
Restricted		7,016,581	6,288,801	3,629,961	8,595,720	6,854,093	4,384,501	5,263,073	5,986,673	8,783,600
Total business-type activities	66,909,464	66,191,556	64,915,336	66,531,908	57,350,781	58,374,358	61,611,235	67,303,700	69,832,058	73,590,300
Primary government										
Net investment in capital assets	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	124,213,181
Restricted				13,918,975	14,286,857	9,177,119	7,513,118	8,895,232	12,339,420	14,351,029
Unrestricted		(65,797,363)	(78,421,670)	(83,952,928)	(96,082,577)	(95,756,352)	(86,762,286)	(76,826,161)	(66,849,633)	(60,270,044)
Total primary government net position	\$ 14,484,281	\$ 6,932,564	\$ 27,626,942	\$ 27,988,018	\$ 23,927,754	\$ 30,551,210	\$ 39,444,145	\$ 59,022,056	\$ 72,113,038	\$ 58,565,111

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

Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>									
General government	\$ 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	23,753,716	24,480,904	24,782,004	24,982,363	25,701,983	26,685,171	26,537,779	27,812,079	29,972,508
Transportation	-	-	-	-	-	-	-	321,507	217,002
Economic and physical development	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
Culture and recreation	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
Education	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
Human services	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
Interest on long term debt	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	91,835,961	98,247,816	89,025,513	92,073,395	87,937,388	90,329,180	90,953,206	89,403,755	93,502,373
Business-type activities:									
Water and sewer	7,437,335	6,864,685	7,194,130	7,999,309	7,409,355	8,378,593	7,987,776	8,563,573	10,173,450
Solid waste	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
East Lincoln water and sewer	240,057	215,190	199,921	162,434	136,426	94,001	109,284	85,894	71,76
Total business activities	13,557,458	11,674,135	12,432,739	10,249,280	11,855,620	12,707,004	13,022,086	13,055,61	15,676,423
Total primary government expenses	105,393,419	109,921,951	101,458,252	102,322,675	99,793,008	103,036,184	103,975,292	102,459,416	109,178,796
<b>Program Revenues</b>									
Governmental activities									
Charges for services:									
General government	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	4,566,789	4,294,060	5,133,736	4,424,537	4,665,583	4,750,346	4,644,806	5,635,205	5,824,386
Transportation	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-
Culture and recreation	2,950	2,517	1,047	21,337	20,134	20,461	91,436	81,187	90,851
Human services	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
Operating grants and contributions:									
General government	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	393,051	736,783	711,154	755,636	677,364	507,169	688,347	923,587	940,929
Transportation	-	-	-	-	-	-	-	-	-
Economic and physical development	410,726	4,850	15,120	260,283	112,909	9,255	30,360	30,229	30,330
Culture and recreation	-	-	-	-	-	-	-	118,195	122,615
Education	1,334,250	1,821,162	942,883	820,381	116,456	112,836	132,620	-	-
Human services	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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Capital grants and contributions:										
General government	993,870	1,444,381	20,583,014	508,081	1,288,253	1,143,064	1,314,334	626,090	27,957	261,168
Public safety	-	-	-	-	55,295	-	-	-	-	75,000
Transportation	-	-	-	-	-	-	-	-	-	48,985
Education	-	-	-	-	809,283	1,036,450	829,500	783,400	870,520	576,000
Total governmental activities program revenues	23,261,335	23,926,298	44,207,239	22,498,637	23,062,397	23,764,381	23,926,945	26,372,419	23,474,726	23,205,746
Business-type activities:										
Charges for service - water and sewer	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	13,458,546
Capital grants and cont. - water/sewer	1,973,895	505,880	139,913	78,841	346,610	834,730	-	2,962,527	10,000	3,689,013
Solid Waste	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	4,795,443
Total business-type activities program revenues	12,532,615	10,445,312	10,637,411	11,324,314	11,387,697	12,215,936	13,100,455	17,800,904	18,114,438	21,943,002
Total primary government program revenues	35,793,950	34,371,610	54,844,650	33,822,951	34,450,094	35,980,317	37,027,400	44,173,323	41,589,164	45,148,748
<b>Net (Expense)/Revenue</b>										
Governmental activities	(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)	(72,441,349)
Business-type activities	(1,024,843)	(1,228,823)	(1,795,328)	1,075,034	(467,923)	(1,319,307)	78,369	4,745,243	2,438,015	5,713,188
Total primary government net (expense)/revenue	(69,599,468)	(75,550,341)	(46,613,602)	(68,499,723)	(65,342,912)	(67,884,106)	(66,947,892)	(58,286,093)	(67,589,632)	(66,728,161)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	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	63,264,202
Local option sales tax	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	19,376,365
Utility franchise tax	321,802	273,740	231,349	238,690	233,252	228,408	229,091	220,188	223,349	218,729
Real estate transfer tax	514,599	531,807	387,864	534,686	69,046	737,628	858,192	974,733	1,380,914	1,404,356
Other taxes and licenses	746,779	646,101	639,076	365,652	431,955	430,987	476,454	401,490	436,698	173,497
Unrestricted intergovernmental	456,991	294,812	500,722	479,922	289,491	317,328	330,007	306,511	320,620	309,222
Investment earnings	662,836	109,631	91,606	87,795	75,727	162,391	90,279	172,123	152,094	538,815
Transfers	-	-	-	-	-	(563,160)	-	-	-	-
Gain/(loss) disposal of capital assets	(1,084,403)	-	-	-	(79,006)	(80,631)	-	-	-	-
Total governmental activities:	69,046,923	67,487,709	66,788,872	68,319,261	69,995,852	72,204,793	73,996,901	76,916,782	81,604,592	85,285,186

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

	2009	2010	2011	2012	Fiscal Year					2017	2018
					2013	2014	2015	2016	2017		
<b>Business-type activities:</b>											
Property taxes	557,775	472,991	487,936	495,073	878,437	931,496	912,435	875,860	23,339	4,282	
Investment earnings	258,880	37,924	31,172	46,465	55,390	19,989	48,656	71,362	67,004	258,768	
Transfers	1,084,403	-	-	-	-	563,160	-	-	-	-	
Gain/(loss) disposal of capital assets	-	-	-	-	(9,647,031)	-	-	-	-	-	
Total business-type activities	1,901,058	510,915	519,108	541,538	(8,713,204)	1,514,645	961,091	947,222	90,343	263,050	
Total primary government	70,947,981	67,998,624	67,307,980	68,860,799	61,282,648	73,779,438	74,957,992	77,864,004	81,694,935	85,548,236	
<b>Change in Net Position</b>											
Governmental activities	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	12,843,837	
Business-type activities	876,215	(717,908)	(1,276,220)	1,616,572	(9,181,127)	(9,181,127)	1,039,460	5,692,465	2,528,358	5,976,238	
Total primary government	\$ 1,348,513	\$ (7,551,717)	\$ 20,694,378	\$ 361,076	\$ (4,060,264)	\$ (4,160,379)	\$ 8,010,100	\$ 19,577,911	\$ 14,105,303	\$ 18,820,075	

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

	Fiscal Year						
	2009	2010	2011	2012	2013	2014	2015
General Fund							
Reserved for:							
State statute	\$ 4,642,450	\$ 4,923,594					
Unreserved	15,686,057	15,256,358					
Undesignated			\$ 412,743	\$ 588,275	\$ 616,277	\$ 630,872	\$ 631,607
Nonspendable			4,425,101	4,642,158	5,280,132	8,046,523	5,149,448
Prepays			46,046	48,767	50,322	39,044	1,073,458
Restricted							
Stabilization for State statute							
Restricted, all other							
Committed							
Assigned							
Unsigned							
Total General Fund	<u>\$20,338,507</u>	<u>\$20,179,952</u>	<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>
All Other Governmental Funds							
Reserved for:							
State statute	\$ 545,926	\$ 499,044					
Unreserved, reported in:							
Capital projects funds	13,070,660	10,666,888					
Special revenue funds	6,458,680	6,384,275					
Restricted							
Stabilization for State statute							
Restricted, all other							
Committed							
Unsigned							
Total all other governmental funds	<u>\$20,075,266</u>	<u>\$17,550,207</u>	<u>\$ 7,886,147</u>	<u>\$ 5,533,738</u>	<u>\$ 2,335,215</u>	<u>\$ 4,528,344</u>	<u>\$ 147,725</u>

Note: Amounts reported prior to the implementation of GASB 54 in fiscal year 2011 have not been restated.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Ad valorem taxes	\$ 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	\$ 63,734,107
Local option sales taxes	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	19,376,365
Other taxes and licenses	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	1,796,582
Unrestricted intergovernmental revenues	456,991	294,812	500,722	479,922	289,491	317,328	330,007	306,511	320,620	309,222
Restricted intergovernmental revenues	12,071,547	13,135,650	12,693,675	11,113,384	12,950,384	13,123,144	13,145,936	14,052,982	13,216,065	12,475,014
Permits and fees	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	3,338,692
Sales, service and rents	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	5,494,319
Investment earnings	658,773	107,649	88,420	973,684	1,138,844	1,157,173	79,964	3,164,036	921,331	487,203
Miscellaneous	1,102,712	880,474	1,139,064	70,272	64,404	1,625,197	1,470,514	154,122	137,836	1,825,278
<b>Total Revenues</b>	<b>92,354,475</b>	<b>90,735,669</b>	<b>89,975,447</b>	<b>82,902,692</b>	<b>92,289,311</b>	<b>95,906,728</b>	<b>97,232,545</b>	<b>102,144,600</b>	<b>104,289,132</b>	<b>108,836,782</b>
<b>Expenditures</b>										
General Government	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	12,030,635
Public Safety	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	35,397,091
Transportation	-	-	-	-	-	-	-	321,507	171,298	1,265,141
Economic and physical development	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	2,931,398
Culture and Recreation	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	2,325,470
Education	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	21,474,121
Human services	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	15,768,280
Capital Outlay	12,481,380	15,117,985	8,452,355	-	7,436,995	7,594,533	8,477,934	2,540,899	4,487,994	9,870,439
Debt Service:										
Principal	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	9,200,850
Interest	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	2,850,383
Total Expenditures	<b>98,772,212</b>	<b>103,355,991</b>	<b>100,580,637</b>	<b>83,490,174</b>	<b>97,671,286</b>	<b>99,080,598</b>	<b>99,812,755</b>	<b>98,225,563</b>	<b>103,203,250</b>	<b>113,113,808</b>
Excess of revenues over (under) expenditures	<b>(6,417,737)</b>	<b>(12,620,322)</b>	<b>(10,605,190)</b>	<b>(587,482)</b>	<b>(5,381,975)</b>	<b>(3,173,870)</b>	<b>(2,580,210)</b>	<b>3,919,037</b>	<b>1,085,882</b>	<b>(4,277,026)</b>
<b>Other Financing Sources (uses)</b>										
Transfers in	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	2,253,014
Transfers out	(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)	(2,253,014)
Bonds & installment financing issued	20,990,000	28,027,900	27,005,000	30,255,000	-	15,440,691	-	5,244,000	2,088,470	24,329,000
Bond premium (discount)	5,282	204,331	1,330,062	2,868,507	-	(7,740,891)	-	(5,141,066)	-	(60,823)
Advance refunding payments to trustee	-	(18,284,623)	(17,300,000)	(32,763,202)	-	-	-	-	-	(13,016,852)
Total other financing sources (uses)	<b>20,890,572</b>	<b>9,946,708</b>	<b>11,035,062</b>	<b>705,237</b>	<b>-</b>	<b>7,699,800</b>	<b>-</b>	<b>102,934</b>	<b>2,088,470</b>	<b>11,251,325</b>
Net change in fund balances	<b>\$ 14,472,835</b>	<b>\$ (2,673,614)</b>	<b>\$ 429,872</b>	<b>\$ 117,755</b>	<b>\$ (5,381,975)</b>	<b>\$ 4,525,930</b>	<b>\$ (2,580,210)</b>	<b>\$ 4,021,971</b>	<b>\$ 3,174,352</b>	<b>\$ 6,974,299</b>
Debt service as a percentage of noncapital expenditures	13.99%	14.12%	15.84%	20.03%	16.72%	17.55%	13.54%	13.21%	13.71%	12.06%

**Table 5**  
**Lincoln County**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property			Less (1)			Personal Property			Total Taxable Assessed Value			Estimated Actual Taxable Value (4)	Assessed Value as a Percentage of Actual Value
	Residential Property		Commercial Property	Industrial Property	Tax Exempt Real Property		Registered Vehicles	Other	Public Service Companies	Total Direct Tax Rate (3)				
	Year	Property	Property	Property	Real Property	Real Property	Vehicles	Other	Companies	Rate				
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	8,355,343,273	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%			
2018	6,416,470,519	815,467,314	429,636,363	383,432,370	750,340,021	682,353,340	419,846,478	9,130,681,665	0.611	9,726,570,190	93.87%			

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- 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.
- Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- Per \$100 of value.
- 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.
- Years revaluation of property increased tax values, Lincoln County is reassessed every 4 years.

**Table 6**  
**Lincoln County**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

		<b>2009(1)</b>	<b>2010</b>	<b>2011</b>	<b>2012(1)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016(1)</b>	<b>2017</b>	<b>2018</b>
Lincoln County	\$ 0.5700	\$ 0.5700	\$ 0.5700	\$ 0.5700	\$ 0.5980	\$ 0.5980	\$ 0.5980	\$ 0.5980	\$ 0.6110	\$ 0.6110	\$ 0.6110
<b>Municipality Rates:</b>											
Lincolnton (2)	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600
<b>Special District</b>											
East Lincoln Water and Sewer District (3)	0.0200	.0175	.0175	.0290	0.0355	0.0359	0.0342	0.0325	0.0000	0.0000	0.0000
<b>Fire Districts (4)</b>											
Alexis	0.1142	0.1050	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100	0.1165	0.1165	0.1165
Boger City	0.0700	0.0700	0.0750	0.0925	0.0925	0.0925	0.0925	0.0925	0.0999	0.0999	0.0999
Crouse	0.0600	0.0600	0.0600	0.0609	0.0609	0.0609	0.0609	0.0609	0.0640	0.0640	0.0640
Denver	0.0981	0.09675	0.09675	0.1099	0.1099	0.1099	0.1099	0.1099	0.1125	0.1125	0.1150
East Lincoln	0.0606	0.0606	0.0606	0.0680	0.0785	0.0785	0.0850	0.0850	0.0860	0.0860	0.0890
Howards Creek	0.0700	0.1000	0.1000	0.1050	0.1050	0.1150	0.1150	0.1150	0.1203	0.1223	0.1223
North Brook	0.0600	0.0600	0.0600	0.0600	0.0350	0.0800	0.0400	0.0400	0.0400	0.0400	0.0400
North 321	0.0350	0.0350	0.0350	0.0350	0.0600	0.0350	0.0800	0.0800	0.1000	0.1000	0.1000
Pumpkin Center	0.0951	0.0951	0.0951	0.0951	0.0951	0.0951	0.0938	0.0938	0.0970	0.0970	0.0970
South Fork	0.0776	0.0910	0.0910	0.0910	0.0910	0.0910	0.1236	0.1236	0.1250	0.1250	0.1250
Union	0.0750	0.0750	0.0750	0.0750	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900

Notes:

- (1) Real property was revalued on January 1, 2008, 2011 and 2015; 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.

Table 7  
 Lincoln County  
 Principal Property Tax Payers  
 Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2018			Fiscal Year 2009		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp.	Utility	\$ 300,092,395	1	3.41%	\$ 262,479,193	1	4.03%
The Timken Company	Bearing Manufacturer	79,999,567	2	0.91%	106,027,334	2	1.63%
Cataler North America Corp.	Auto Parts Manufacturer	72,240,586	3	0.82%	45,243,502	4	0.69%
Julis Blum	Furniture Hardware Manufacturer	71,213,956	4	0.81%	75,435,541	3	1.16%
838 Lincoln County Parkway LLC	Manufacturing	43,643,130	5	0.50%			
Rutherford Electric Membership	Utility	35,296,428	6	0.40%	26,966,778	7	0.41%
Wal Mart Real Estate Business	Real Estate/Manufacturing	31,956,857	7	0.36%	24,638,871	8	
Medline Industries	Medical Supply/Manufacturing	31,956,857	8	0.36%			
Lake Norman Owner LLP AKA	Real Estate/Manufacturing	23,765,205	9	0.27%			
Piedmont Natural Gas Co	Gas, Propane	22,495,396	10	0.26%	22,899,470	9	0.35%
Actavis Mid Atlantic LLC	Manufacturing, Cosmetics				27,490,910	6	0.42%
Bellsouth Tel Corp	Utility				22,223,752	10	0.34%
RSHome Products	Manufacturing				32,443,333	5	0.50%
TKC LIV LLC	Real Estate/Manufacturing						
	<b>Totals</b>			<b>8.44%</b>			<b>10.56%</b>
		<b>\$ 712,660,377</b>			<b>\$ 645,848,684</b>		

Source: Lincoln County Tax Department

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)			Collected within the Fiscal Year of the Levy			Total Collections to Date			
	Total	Adjusted	Levy	Amount	Original Levy	Percentage of Original Levy	Amount	Adjusted Levy	Percentage of Adjusted Levy	Uncollected
2009	\$ 48,397,102	\$ 144,571	\$ 48,541,673	\$ 47,330,210	\$ 1,135,689	97.80%	\$ 48,465,899	\$ 49,230,652	99.84%	75,774
2010	48,978,334	323,666	49,302,000	48,202,295	1,028,357	98.42%	49,246,560	99.86%	71,348	
2011	49,168,763	152,177	49,320,940	48,295,770	950,790	98.22%	49,228,071	1,014,499	99.85%	74,380
2012	49,318,299	19,177	49,337,476	48,213,572	97.76%	1,111,310	50,019,462	51,425,775	99.78%	109,405
2013	49,575,234	563,425	50,138,659	48,908,152	98.65%	855,124	51,425,775	52,198,535	99.76%	119,197
2014	51,400,496	151,116	51,551,612	50,570,651	98.39%	1,191,714	50,475,427	53,485,155	99.76%	125,837
2015	50,455,214	105,063	50,560,277	49,285,713	97.68%	593,071	52,198,535	53,485,155	99.44%	84,850
2016	52,246,531	106,268	52,352,799	51,605,464	98.77%	474,540	53,010,615	53,485,155	99.71%	154,264
2017	53,404,086	384,500	53,788,586	55,385,593	99.26%	-	55,385,593	55,385,593	98.78%	303,431
2018	55,859,280	209,575	56,068,855	-	99.15%	-	-	-	-	683,262
										\$1,801,748

Source: Lincoln County Tax Department

Table 9  
Lincoln County  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Percentage of Personal Income (1)
	General Obligation Bonds		Installment Loans	General Obligation Bonds		State Clean Water Loan	
	General Obligation	Bonds	Installment Loans	General Obligation	Bonds	State Clean Water Loan	Instalment Loans
2009	\$ 94,466,234	\$ 26,252,404	\$ 24,919,175	\$ 5,563,766	\$ 2,000,000	\$ 3,549,219	\$ 131,831,623
2010	98,845,751	22,364,464	4,414,249	4,414,249	1,750,000	20,152,669	150,081,844
2011	102,135,000	21,462,915	3,295,000	3,295,000	1,500,000	20,290,166	149,584,630
2012	96,000,000	19,405,757	2,675,000	2,675,000	1,250,000	21,804,848	143,192,763
2013	89,020,000	24,753,975	2,135,000	2,135,000	1,000,000	20,370,950	131,931,707
2014	84,425,797	1,605,000	750,000	1,605,000	750,000	19,351,064	130,885,836
2015	75,085,000	22,664,779	1,085,000	1,085,000	500,000	18,356,716	117,691,495
2016	70,043,087	20,874,972	575,000	575,000	250,000	16,897,825	108,640,884
2017	61,235,000	22,678,475	-	-	-	22,211,020	106,124,495
2018	55,224,000	30,005,892	-	-	-	19,599,692	104,829,584

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

(1) See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2016 personal income not available to calculate fiscal year 2017.

\* Information not yet available.

Table 10  
 Lincoln County  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property(2)		Per Capita(1)
		Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	
2009	\$ 100,030,000	4.07%	1.18%	\$ 1,342
2010	103,250,000	4.07%	1.20%	1,364
2011	105,430,000	4.07%	1.22%	1,316
2012	98,675,000	3.40%	1.20%	1,249
2013	91,155,000	3.10%	1.09%	1,146
2014	86,030,797	2.75%	1.00%	1,079
2015	76,170,000	2.42%	0.89%	950
2016	70,618,087	2.14%	0.83%	868
2017	61,235,000	*	0.70%	746
2018	55,224,000	*	0.60%	644

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

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

(2) See Table 5 for property value data.

\* Information not yet available.

**Table 11**  
**Lincoln County**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(dollars in thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value of Property	\$ 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	\$ 9,130,682
Debt Limit, 8% of Assessed Value (Statutory Limitation)	679,221	690,759	691,598	659,380	666,700	689,000	684,666	684,649	703,528	730,455
Amount of Debt Applicable to Limit										
Gross debt	131,832	150,082	149,585	143,193	131,932	130,886	117,691	108,641	106,124	106,164
Debt outstanding for water and sewer	11,113	26,317	25,085	25,730	23,506	21,706	19,942	17,723	18,386	16,685
Total net debt applicable to limit	120,719	123,765	124,499	117,463	108,426	109,180	97,750	90,918	87,738	89,479
Legal Debt Margin	\$ 558,503	\$ 566,994	\$ 567,098	\$ 541,917	\$ 558,275	\$ 579,820	\$ 586,917	\$ 593,731	\$ 615,790	\$ 640,976
Total net debt applicable to the limit as a percentage of debt limit	17.77%	17.92%	18.00%	17.81%	16.26%	15.85%	14.28%	13.28%	12.47%	12.25%

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

Table 12  
 Lincoln County  
 Direct and Overlapping Governmental Activities Debt  
 As of June, 2018

<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)	\$ 1,133,230	100.00%	\$ 1,133,230
Direct - Lincoln County			<u>85,229,892</u>
Total direct and overlapping debt			<u>\$ 86,363,122</u>

(1) Source: City of Lincolnton Finance Department

Table 13  
Lincoln County  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population(1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Building Inspections Performed(5)
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	3,294,665	40,591	11,646	4.70%	24,373
2017	82,033	*	*	11,503	3.70%	29,446
2018	85,758	*	*	11,321	3.20%	38,431

\* 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.

The figures are for prior calendar year.

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

Employer	Product or Service	2018		2009	
		Employees	Rank	Employees	Rank
		Percentage of Total County Employment		Percentage of Total County Employment	
Lincoln County Schools	Education	1,244	1	2,87%	4.12%
Atrium Health	Medical Care	818	2	1.89%	
RSI Home Products	Vanities and Marble Counter Tops	773	3	1.78%	1.74%
Wal-Mart Stores, Inc.	Discount Stores	740	4	1.71%	1.50%
Lincoln County Government	County Government	718	5	1.66%	1.88%
Timken Company	Tapered Roller Bearings	500	6	1.15%	1.99%
Julius Blum, Inc.	Cabinet and Furniture Hardware	423	7	0.98%	
Robert Bosch Tool Corporation	Tools Manufacturer and Distributor	350	8	0.81%	1.07%
Cataler North America	Automobile Components	346	9	0.80%	
VT LeeBoy, Inc.	Asphalt Paving Equipment	279	10	0.64%	
Lincoln Medical Center	Medical Care			735	4
McMurray Fabrics, Inc.	Specialty Fabrics			260	8
Mohican Mills	Lace and Tricot Goods			242	9
Lowes	Home Improvements			241	10
Total				6,418	
Total Civilian Labor Force for the County				40,156	
				43,368	

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

**Table 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,						
	2009	2010	2011	2012	2013	2014	2015
General government							
Governing Body	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administration and Finance	13.0	13.2	13.2	13.2	13.2	13.2	15.5
Management Information Systems	7.0	7.0	7.0	7.0	8.0	8.0	20.0
Elections	3.5	3.8	3.8	3.8	3.8	4.0	8.0
Tax	26.0	27.8	24.8	24.0	25.0	25.0	26.8
Register of Deeds	8.5	8.4	8.0	8.0	7.0	7.0	7.5
Public Buildings	14.5	14.5	13.4	13.4	13.4	13.4	28.8
Public safety							
Sheriff	128.0	128.0	126.1	128.0	128.0	128.0	144.5
Communications	24.0	21.4	22.5	22.5	19.8	19.8	22.5
Jail	42.5	43.4	43.4	43.4	44.6	44.6	45.0
Emergency Management	4.0	2.0	2.0	2.0	2.0	2.0	2.0
Ambulance Services	81.0	82.0	76.3	76.3	78.4	78.4	94.3
Fire Marshal	-	2.0	2.0	2.0	2.0	2.0	3.0
Building and Land Development	(1)	20.0	18.0	18.0	18.0	20.0	21.0
Animal Control	10.0	11.0	10.8	11.0	11.0	11.2	13.5
Economic and physical development							
Cooperative Extension	1.5	1.6	1.6	1.6	1.6	1.6	2.0
Soil and Water Conservation	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Human services							
Health	85.0	81.5	78.4	78.4	73.4	73.4	66.3
Social Services	122.0	121.7	121.7	121.7	125.7	130.7	129.0
Veterans Service	1.5	1.0	1.0	1.0	2.0	2.0	2.0
Juvenile Crime Prevention	-	0.5	0.5	0.5	0.5	0.5	0.5
Office on Aging	6.5	6.5	6.5	6.5	4.0	4.0	5.5
Transportation	14.0	17.5	22.4	22.4	16.6	16.6	23.3
Cultural and recreation							
Recreation	26.5	30.6	29.7	29.7	25.4	25.4	24.0
Library	17.5	17.3	16.3	16.4	18.4	18.4	18.3
Water and Sewer	43.0	43.0	42.6	42.6	39.8	39.8	37.3
Solid Waste	48.0	48.6	43.6	43.6	40.2	40.2	46.3
Total	752.5	757.2	740.4	741.9	744.0	729.2	734.2
Source: County Personnel Office							

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

(1) Fire Marshal was consolidated into Emergency Management in FY 2009.

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

Function/Program	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Governmental activities:						
General government						
Management Information Systems	3,798	4,870	5,571	5,604	5,679	4,110
Work orders						3,325
Elections						3,926
Registered voters	49,218	49,899	49,959	53,240	51,728	52,544
Votes cast in general elections (votes odd years city; even county wide)	1,421	n/a	23,427	36,892	1,943	6,905
Tax						4,630
Number of land records created	1,144	126	140	250	n/a	4,753
Number of ownership transfers-real estate/mfg. homes	6,118	2,411	4,293	3,995	n/a	
Number of tax bills created - real/personal	69,202	68,330	68,499	68,400	n/a	
Number of tax bills created - registered vehicles	89,224	87,540	85,796	84,814	n/a	
Register of Deeds						4,753
Total documents recorded	15,066	13,427	12,042	n/a	14,589	12,092
Deeds recorded	2,706	2,666	2,382	n/a	2,747	3,029
Marriage licenses issued	471	505	514	n/a	497	537
Births occurring	523	424	346	n/a	413	438
Deaths occurring	486	474	452	n/a	494	500
Certified copies issued	5,300	4,991	4,759	n/a	4,929	4,918
Public safety						4,753
Arrests	3,213	2,928	2,975	3,979	4,205	4,607
Civil papers served	13,255	13,715	12,311	12,586	12,591	11,755
Jail bookings	3,622	3,516	3,584	3,773	4,198	4,138
Average daily jail population	125	123	134	133	136	134
Communications total calls	1110,305	93,074	89,575	94,480	76,336	106,520
Building permits issued	1,884	2,238	3,035	3,019	2,616	2,849
Building inspections conducted	13,921	13,121	13,131	13,149	13,219	15,465
Emergency medical calls answered	14,394	15,367	16,002	16,763	18,679	17,517
Emergency patients transported	7,868	7,994	8,143	8,213	8,718	8,241
Number of firemen and officers	500	500	500	450	564	450
Number of fire calls answered	3,000	3,000	3,000	6,348	7,300	8,203
Number of fire marshal inspections	1,300	1,300	1,300	1,750	2,000	1,750
Animals entering shelter	2,611	4,779	4,235	4,163	3,883	3,309
Animals euthanized	1,555	2,601	2,485	2,271	2,107	1,114

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

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

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

Function/Program	Fiscal Year						
	2009	2010	2011	2012	2013	2014	2015
Transportation clients served	667	2,444	2,900	3,810	2,966	2,591	2,120
Transportation trips provided	19,254	19,253	20,184	23,442	24,969	17,540	15,445
Culture and recreation							
Recreation (shelter & facility reservations)	n/a	n/a	816	896	1,157	1,296	n/a
Library volumes in collection	134,854	137,971	148,408	142,853	144,907	143,880	157,541
Library circulation	323,544	326,429	308,342	280,413	285,669	283,041	245,675
Business-type activities:							
Water and Sewer							
Number of water customers	9,585	9,584	9,730	9,901	10,165	10,680	9,743
Average daily water production	2,296,000	2,910,000	2,800,000	2,620,000	2,790,000	2,619,000	2,971,000
Number of sewer customers	3,660	3,699	3,812	3,843	4,027	3,851	4,472
Average daily sewage treatment	700,000	729,000	780,000	880,000	825,000	799,250	900,000
Landfill							
Tons of waste sanitary landfill	45,508	48,496	46,692	43,093	38,766	39,008	35,969
Tons of waste demolition landfill	11,264	12,796	16,131	18,282	12,342	9,283	9,283
Tons of recyclables	1,848	2,175	2,187	2,048	2,423	2,537	2,537
Tons of white goods	968	1,023	800	1,125	1,411	1,616	1,616
Tons of tires	1,185	1,281	1,209	1,280	1,064	1,069	1,064

Source: Various County Departments

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General government										
Buildings	22	22	24	24	25	25	25	26	27	30
Public safety										
Law enforcement stations	3	3	3	3	3	3	3	3	3	3
Patrol units	77	77	77	77	77	79	83	95	95	95
Jail capacity	168	168	168	168	168	168	168	168	168	168
Emergency medical stations	5	6	7	7	7	9	6	6	8	8
Emergency medical apparatus	22	23	23	24	24	24	24	24	24	24
Fire department stations	15	15	15	16	17	18	19	19	19	20
Transportation										
Number of transportation vehicles	12	15	18	19	19	21	21	22	22	22
Cultural and recreation										
Number of libraries	3	3	3	3	3	3	3	3	3	3
Number of county parks										
Developed	4	4	4	5	5	6	6	6	6	6
Undeveloped	1	1	1	1	1	-	-	-	-	1
Park acreage:										
Developed	115	115	115	149	149	265	265	265	265	265
Undeveloped	116	116	116	116	116	-	-	-	-	30
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
Business-type activities:										
Water and Sewer										
Number of water plants	1	1	1	1	1	1	1	1	1	1
Miles of water mains	300	315	336	313	322	325	332	332	337	337
Number of wastewater plants	1	2	2	1	1	1	1	1	1	1
Miles of sanitary sewer	100	155	155	171	171	171	176	176	233	185
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

## **COMPLIANCE SECTION**

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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*

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With Uniform Guidance And The State Single Audit Implementation Act

Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With Uniform Guidance And The State Single Audit Implementation Act

Schedule of Findings and Questioned Costs

Corrective Action Plan

Schedule of Prior Year's Audit Findings

Schedule of Expenditures of Federal and State Awards

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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, 2018, 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 14, 2018. 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.

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

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

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## **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 no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 14, 2018

# 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 Federal Program; Report On Internal Control Over Compliance; In Accordance With 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, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards 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, 2018.

### **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 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify deficiencies in internal control over compliance that we consider to be material weakness. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 that we consider to be a significant deficiency.

Lincoln County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Lincoln County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report 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 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 14, 2018

# 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 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, 2018. 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 state statutes, regulations, and the terms and conditions of its state awards 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, 2018.

## **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 have not been 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 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 2018-002 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal 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 Schedule of Findings and Questioned Costs as item 2018-001 to be a significant deficiency.

Lincoln County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. 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 the responses.

## **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 14, 2018

## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

#### 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? No
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? No

##### **Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? No
- 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
Temporary Assistance for Needy Families (TANF) Cluster	93.558
Foster Care Title IV-E	93.658
Adoption Assistance	93.659

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

## **LINCOLN COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018**

#### **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  
Foster Care and Adoption Cluster  
Public School Building Capital Fund  
School Nurse Funding Initiative  
Building Reuse Grant

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

None reported.

## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

#### 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: Medicaid Cluster

CFDA # 93.778

Grant Number: XIX-MAP18

Program Name: Temporary Assistance for Needy Families (TANF) Cluster

CFDA # 93.558

Grant Number: 1801NCTANF

Program Name: Foster Care Title IV-E

CFDA # 93.658

Grant Number: 1801NCFOST

Program Name: Adoption Assistance

CFDA # 93.659

Grant Number: 1801NCADPT

**Finding: 2018-001**

##### **Significant Deficiency**

**Criteria:** In accordance with 2 CFR 200, management must have an adequate system of internal control procedures in place to ensure proper use of approved mileage and meal reimbursement rates in compliance with applicable laws and regulations. The county requires DSS employees to use the correct approved mileage and meal reimbursement rates when submitting requests for reimbursement.

**Condition:** Upon inspection of reimbursement request forms, one employee did not use the correct approved rate for mileage reimbursement.

**Context:** While performing testing of internal control over compliance related to the Division of Social Services, we noted the above condition.

**Effect:** Incorrect mileage reimbursement amounts could be distributed to employees.

**Cause:** Lack of proper internal controls over mileage reimbursement requests.

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

**Recommendation:** Require all DSS employees to use the proper reimbursement request form. Monitoring of the review process should evaluate accuracy of approved rates of reimbursement.

**Views of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding. Please refer to the Corrective Action Plan section of this report.

## LINCOLN COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

Program Name: Medicaid Cluster

Program Name: Temporary Assistance for Needy Families (TANF) Cluster

Program Name: Foster Care Title IV-E

Program Name: Adoption Assistance

**Finding: 2018-001** – Management should require all DSS employees to use the proper reimbursement request form. Monitoring of the review process should evaluate accuracy of approved rates of reimbursement. See more details at Finding 2018-001 in Section III – Federal Award Findings and Questioned Costs.

##### **N.C. Department of Commerce**

Program Name: Building Reuse Grant

Grant Number: 2017-082-3201-2587

Grant Number: 2017-094-3201-2587

##### **Finding: 2018-002**

##### **Material Weakness**

**Criteria:** In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to monitor grant compliance.

**Condition:** Upon inspection of internal controls over building reuse grants, it was determined that there was an absence of County internal controls over monitoring grant compliance.

**Context:** While performing testing of internal control over compliance related to the Building Reuse Grant, we noted the above condition.

**Effect:** Lack of proper implementation of internal controls over grant monitoring greatly increases the risk that compliance requirements would not be met.

**Cause:** Lack of proper internal controls over building reuse grants.

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

**Recommendation:** Implement a set of internal controls over grant monitoring, to ensure compliance as instructed in grant agreements.

**Views of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding. Please refer to the Corrective Action Plan section of this report.



# 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, 2018**

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

None reported.

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

#### **Finding: 2018-001**

**Name of Contact Person:** Ruth A. Lockman, Business Manager

**Corrective Action/Management's Response:** All forms have been edited with the effective date of their rates. These are the only forms that will be accepted by the Admin Office for processing. After processing for payment - ALL DSS Employee Travel reimbursement forms will be given to the Business Manager to verify that the most current forms and rates are being used.

**Proposed Completion Date:** Immediately

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

#### **Finding: 2018-001**

See Finding 2018-001 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

#### **Finding: 2018-002**

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

**Corrective Action/Management's Response:** Management has already put into place a system whereby we are notified about these types of grants/payments, and all documentation will be received before any funds are released. Also, we will be meeting with our Economic Development staff and will be kept up to date on any and all of these types of grants in the future.

**Proposed Completion Date:** Immediately and ongoing

**LINCOLN COUNTY, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

**2017-001:** Corrected

**2017-002:** Corrected

**2017-003:** Corrected

**2017-004:** Corrected

**2017-005:** Corrected

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<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>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:					
<u>Division of Social Services:</u>					
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>					
Administration:					
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program	10.561	175NC406S2514	\$ 586,546	\$ -	\$ -
Total Supplemental Nutrition Assistance Program Cluster			<u>586,546</u>	<u>-</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Division of Public Health:</u>					
Administration:					
WIC Special Supplemental Nutrition Program for					
Women, Infants, & Children	10.557	13A2-5404-GH&GJ	355,098	-	-
<b>U.S. Department of Housing and Urban Development</b>					
Passed-through N.C. Dept. of Commerce					
<u>Office of Community Planning and Development</u>					
Community Development Block Grants/State's program and					
Non-Entitlement Grants in Hawaii	14.228	12-C-2423	50,455	-	-
Community Development Block Grants/State's Program and					
Non-Entitlement Grants in Hawaii	14.228	11-C-2376	261,168	-	-
Passed-through the N.C. Dept. of Health & Human Services					
<u>Office of Community and Planning Development:</u>					
Emergency Solutions Grant Program	14.231	56-1669820	10,182	-	-
<b>U.S. Department of Treasury</b>					
Direct Program:					
Equitable Sharing	21.016		1,990	-	-
<b>U.S. Department of Transportation</b>					
Passed-through the N.C. Dept. of Transportation					
<u>Federal Transit Administration</u>					
Formula Grants for Rural Areas- Admin	20.509	36233.114.7.1; 36233.114.7.4	165,949	10,372	-
Formula Grants for Rural Areas- Capital	20.509	36233.114.7.3	43,542	5,443	-
<b>National Science Foundation</b>					
Education and Human Resources	47.076		714	-	-
<b>U.S. Department of Homeland Security</b>					
Passed-through N.C. Dept. of Public Safety					
<u>Federal Emergency Management Agency</u>					
Emergency Management Performance Grants	97.042	EMPG-2017-17055	35,000	-	-
Homeland Security Grant Program	97.067	EMW-2015-55-000062-501	15,000	-	-
Emergency Management Performance Grants - Supplemental	97.042	EMPG-2017-37109	17,073	-	-
<b>U.S. Endowment for Humanities</b>					
Passed-through N.C. Dept. of Natural & Cultural Resources					
Institute of Museum and Library Services					
Grants to States and Library Services and Technology Act (LSTA) Grants	45.310	LS-00-17-0034-17	50,000	-	-
<b>U.S. Department of Health &amp; Human Services</b>					
Passed-through the N.C. Dept. of Insurance					
<u>Division of Social Services</u>					
Administration for Community Living					
State Health Insurance Assistance Program (SHIP)	93.324	905APG0027-01-01	3,649	-	-
Medicare Enrollment Assistance Program	93.071	14AANCMSHI	2,399	-	-
Passed-through Centralina Council of Governments					
<u>Administration for Community Living:</u>					
<u>Aging Cluster:</u>					
Special Programs for the Aging, Title III, Part B, Grants for Supportive					
Services and Senior Centers - Access Services	93.044	AANCT3SS	73,862	13,035	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive					
Services and Senior Centers - In Home & Support Services	93.044	AANCT3SS	269,391	47,540	-
Special Programs for the Aging, Title III, Part C, Nutrition					
Services - Congregate Nutrition	93.045	AANCT3CM	68,062	12,011	-

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<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>
Nutrition Services Incentive Program	93.053	AANCNSIP	9,006	-	-
Total Aging Cluster			420,321	72,586	-
<b>Administration for Community Living:</b>					
National Family Caregiver Support, Title III, Part E	93.052	AANCT3FC	21,458	1,431	-
Services - Family Caregiver Support					
Special Programs for the Aging - Title III, Part D Disease	93.043	AANCT3PH	1,987	351	-
Prevention and Health Promotion Services					
<b>Administration for Children and Families:</b>					
Passed-through the N.C. Dept. of Health and Human Services:					
<b>Division of Social Services:</b>					
<b>Foster Care and Adoption Cluster (Note 3):</b>					
Administration:					
Adoption Assistance	93.659	1801NCADPT	11,381	-	-
Foster Care - Title IV-E	93.658	1801NCFOST	444,446	33,661	-
Direct Benefit Payments:					
Foster Care - Title IV-E	93.658	1801NCFOST	183,852	50,085	-
Total Foster Care and Adoption Cluster (Note 3)			639,679	83,746	-
<b>Special Children Adoption Fund Cluster: (Note 3)</b>					
Administration:					
Promoting Safe and Stable Families	93.556	G1601NCFPSS - G1701NCFPSS	27,785	-	-
Total Special Children Adoption Fund Cluster (Note 3)			27,785	-	-
<b>Temporary Assistance for Needy Families Cluster:</b>					
<b>Division of Social Services:</b>					
Administration:					
Temporary Assistance for Needy Families (TANF)/ Work First	93.558	1801NCTANF	119,001	-	-
Temporary Assistance for Needy Families (TANF)/ Work First Service	93.558	1801NCTANF	741,116	-	-
<b>Division of Public Health:</b>					
Administration:					
Temporary Assistance for Needy Families	93.558	13A1-5151-T2	8,400	-	-
Total Temporary Assistance for Needy Families Cluster			868,517	-	-
Administration:					
Chafee Foster Care Independence Program	93.674	1801NCCILP	17,365	4,341	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G1601NCCWSS, G1701NCCWSS	16,360	-	-
Low Income Home Energy Assistance	93.568	G18B1NCLIEA	511,566	-	-
Child Support Enforcement	93.563	1804NC4005	571,799	-	-
Direct Benefit Payments:					
Chafee Foster Care Independence Program	93.674	1801NCCILP	23,607	-	-
<b>Administration for Children and Families</b>					
<b>Division of Social Services:</b>					
Administration:					
Social Services Black Grant	93.667	G1801NCSOSR	320,114	2,713	-
<b>Subsidized Child Care Cluster (Note 3):</b>					
<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	G1801NCCCDF	78,435	-	-
Division of Child Development:					
Child Care and Development Block Grant - Discretionary	93.575	536147; 536151	218	-	-
Child Care Mandatory and Matching Funds of the Child Care					
Development Fund - Mandatory	93.596	536145	44	-	-
Total Child Care Development Fund Cluster			78,697	-	-
Temporary Assistance for Needy Families (TANF)	93.558	536150	20	-	-
TANF-MOE			-	7	-
Total Subsidized Child Care Cluster (Note 3)			78,717	7	-

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<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>Center for Medicare and Medicaid Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Division of Medical Assistance:</u>					
<u>Medicaid Cluster:</u>					
Administration:					
Medical Assistance Program	93.778	XIX-MAP18	1,804,740	4,543	-
Total Medicaid Cluster			1,804,740	4,543	-
<u>Children's Health Insurance Program - North Carolina Health Choice:</u>					
Administration:					
Children's Health Insurance Program	93.767	CHIP18	28,297	10	-
<u>Health Resources and Service Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services					
<u>Division of Public Health:</u>					
Maternal and Child Health Services Block Grant to the States	93.994	1271-5318-AP, 1271-5745-AP	31,590	23,695	-
<u>Office of Population Affairs</u>					
<u>Division of Public Health:</u>					
Passed-through the N.C. Dept. of Health and Human Services					
Family Planning Services	93.217	13A1-592B-FP,13A1-592C-FP	31,587	-	-
<u>Center for Disease Control and Prevention</u>					
Passed-through the N.C. Dept. of Health and Human Services					
<u>Division of Public Health:</u>					
Hospital Preparedness Program (HPP) and Public Health Emergency					
Preparedness (PHEP) Aligned Cooperative Agreements	93.074	1264-2679-EX	43,114	-	-
Project Grants and Cooperative Agreements for					
Tuberculosis Control Programs	93.116	1460-272C-NF, 1460-272D-NF	50	-	-
PPHF Capacity Building Assistance to Strengthen Public Health					
Immunization Infrastructure and Performance financed in part by					
Prevention and Public Health funds	93.539	1331-627E-VP	18,560	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal					
Organizations financed in part by Prevention and Public Health funds	93.752	1320-310A-D7	23,715	-	-
Preventive Health and Health Services Block Grant funded solely with					
Prevention and Public Health Funds (PPHF)	93.758	1261-5503-PF	36,174	-	-
<u>HIV Cluster: (Note 3)</u>					
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311-462D-NB, 1311-462E-NB	632	-	-
Total HIV Cluster (Note 3)			632	-	-
Total U.S. Department of Health and Human Services					
<b>Total Federal Awards</b>					
<b>State Awards:</b>					
<u>N.C. Department of Agriculture and Consumer Services</u>					
<u>Division of Soil &amp; Water:</u>					
N.C. Agriculture Cost Share Funds				30,150	-
<u>N.C. Department of Natural and Cultural Resources</u>					
<u>Division of State Library:</u>					
State Aid to Public Libraries				121,616	-
LSTA EZ Edge Grant		application 6000		7,959	-
<u>N.C. Department of Commerce</u>					
Building Reuse Grant		2017-082-3201-2587		250,000	-
Building Reuse Grant		2017-094-3201-2587		250,000	-
Revitalization & Economic Development Grant		2018-103-1257-1534		75,000	-

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<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>N.C. Department of Environmental Quality</b>					
Division of Waste Management:					
NRCS Equipment Projects			9,430	9,430	
Electronics Management			6,548	-	
<b>N.C. Department of Health and Human Services</b>					
Division of Social Services:					
State Child Welfare/CPS/CS LD			96,304	-	
DCD Smart Start			60,989	-	
AFDC Incent/Program Integrity			27	-	
Extended F/C Maximization Non Title IV-E - Direct Benefit Payments			39,893	-	
F/C At Risk Maximization- Direct Benefit Payments			10,021	-	
SFHF Maximization- Direct Benefit Payments			40,200	-	
State Foster Home- Direct Benefit Payments			120,383	-	
Foster Care At Risk-Direct Benefit Payments			771	-	
Division of Public Health:					
Food and Lodging Fees			20,340	-	
General Aid to Counties			100,554	-	
General Communicable Disease Control			12,488	-	
Breast and Cervical Cancer Program			3,825	-	
Risk Reduction/Health Promotion			3,810	-	
Child Health			5,936	-	
Women's Health Service Fund			5,759	-	
HMHC-Family Planning			844	-	
Maternal Health (HMHC)			1,115	-	
HIV/STD State			400	-	
HIV/STD SSBG Aid			100	-	
Sexually Transmitted Diseases			1,852	-	
School Nurse Funding Initiative			150,000	-	
TB Medical Service			787	-	
Tuberculosis			1,753	-	
Passed through Centralina Council of Governments					
Division of Aging and Adult Services:					
Administration:					
Senior Center General			10,937	-	
Fan/Heat Program			330	-	
<b>N.C. Department of Military &amp; Veterans Affairs</b>					
Dept of Military & Veterans Affairs Community County Grant				2,175	-
<b>N.C. Department of Public Instruction</b>					
Public School Building Capital Fund				576,000	-
<b>N.C. Department of Public Safety</b>					
Division of Juvenile Justice:					
CIS After School Program			27,016	-	
CIS Gives Back			35,918	-	
CIS Transition			20,493	-	
Family Centered Treatment			15,400	-	
JCPC Administration			10,847	-	
Juvenile Mediation			13,500	-	
Kids At Work			14,000	-	
CIS Strengthening Families			27,749	-	
<b>N.C. Department of Transportation</b>					
DOT Cluster					
ROAP- Employment			19,995	-	
ROAP- EDTAP			78,714	-	
ROAP Rural General Public Transportation			97,515	-	
Total DOT Cluster			196,224	-	
Passed-through N.C. Department of Transportation					
Driveway Cut for Howards Creek VFD		12C.055074		25,000	-
<b>N.C. Information Technology Service</b>					
Lincoln County E-911 PSAP Construction				440,931	-

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<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>N.C. Office of State Budget &amp; Management</b>					
NC OSBM Special Appropriation			54,962		-
<b>Total State awards</b>			<u>2,900,336</u>		<u>9,430</u>
<b>Total Federal and State awards</b>			<u>\$ 7,136,499</u>	<u>\$ 3,109,574</u>	<u>\$ 9,430</u>

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

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State awards (SEFSA) includes the federal and State grant activity of Lincoln County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. 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 2: Summary of Significant Accounting Policies

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

Note 3: 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.