

LINCOLN COUNTY

NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2009**

LINCOLN COUNTY NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2009

**Prepared By
Finance Department**

LINCOLN COUNTY

NORTH CAROLINA

BOARD OF COMMISSIONERS

ALEX E. PATTON, CHAIRMAN

BRUCE W. CARLTON, VICE-CHAIRMAN

GEORGE G. ARENA

JAMES A. KLEIN

CARROL MITCHEM

GEORGE A. WOOD, COUNTY MANAGER

LINCOLN COUNTY, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2009

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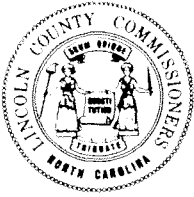
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COUNTY OF LINCOLN, NORTH CAROLINA

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FINANCE DEPARTMENT

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October 26, 2009

**Residents of Lincoln County
The Board of County Commissioners
Lincoln County, North Carolina**

Maintaining the fiscal strength and stability of the County government is a primary goal of the Board of County Commissioners. This Comprehensive Annual Financial Report (CAFR) of Lincoln County, North Carolina, for the fiscal year ended June 30, 2009, reflects the achievement of that goal. Each year this document is prepared to provide you with details about how the County receives, spends and accounts for its money as well as key indicators of its financial strength. The County's Finance Department prepares the CAFR, and responsibility for the accuracy of the data, the completeness and fairness of the presentation and all disclosures rests with the County. We believe the data and presentations are fair and accurate and that you will find everything necessary in this document to gain an understanding of the County's financial activities over the last fiscal year. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Martin Starnes & Associates, CPAs and that firm's unqualified opinion is included in the Financial Section of this report.

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with emphasis on administration of federal grants.

We are also presenting a Management's Discussion and Analysis (MD&A) as an introduction to the financial information. This section immediately follows the auditor's opinion and provides an overview and analysis of the County's significant transactions in fiscal year 2009 to aid readers in understanding their financial impact and relationship to the financial statements and schedules provided. This section is presented to comply with significant changes in governmental accounting standards in an attempt to provide more meaningful information to our readers and to demonstrate the County's accountability for its financial actions. This letter of transmittal is written to complement the MD&A.

FINANCIAL REPORTING ENTITY

The CAFR includes all funds and account groups of the County, including all activities considered to be part of (controlled by or dependent on) the County. Control by, or dependence on, the County was determined in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) and included in the GASB's guidance in defining the governmental reporting entity.

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

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

State Statutes require the adoption of an annual balanced budget for all funds, except the agency fiduciary funds and those authorized by project ordinance. The annual budget serves as the basis for the County's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display all of the County's financial operations including funding for various agencies outside the County's organizational structure. The County Manager submits the annual balanced budget to the Board of Commissioners before June each year. A public hearing on the budget is held in the middle of June with an expected budget adoption by June 30. In accordance with North Carolina statutes, the governing board shall adopt a budget not earlier than ten days after the budget is presented to the Board and no later than July 1. During the fiscal year, the County Manager is authorized to transfer budgeted amounts within objects of a department and up to \$50,000 between departments of the same fund; however, any revisions that alter the total budget of any fund must be approved by the Board of Commissioners.

PROFILE OF LINCOLN COUNTY

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 2009 population of approximately 11,316, is the center of an urban area of 15,000, the County seat, and the only incorporated municipality in the County.

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.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Diversity

A combination of diversified industries, agricultural production, and distribution centers contributes to the economy of the County. The main agricultural pursuits are poultry production, dairy farming, raising beef cattle, 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.

In March 2009, the Lincolnton and Lincoln County Micropolitan Area was ranked 10th nationally by *Site Selection* magazine for its ability to secure new and expanded industrial projects. Prior to this year, the Lincoln County Micropolitan Area had been ranked in the top 10 since 2004 except for a placing of 25th in 2007. In addition, Lincoln Economic Development Association won the 2008 International Economic Development Council award for Best Existing Business Program and the 2008 Charlotte Regional Partnership Award for Regional Impact and Community Cooperation.

The 2008-2009 fiscal year has been very difficult for employment. As a net exporter of labor (52% of Lincoln residents work outside of the county), major job losses in the surrounding areas of Charlotte, Hickory and Gastonia have compounded job losses in the county. Although unemployment will remain high in the near future, Lincoln County has retained all but a few industries and is positioned to add jobs as the economy improves.

Despite the challenging condition in 2008-2009, the following companies announced new investments and job growth: Sennebogen North America (German) with a \$5.1 million investment and 25 jobs, JMC Brumos Racing with a \$1.4 million investment and 10 jobs, Hof Textiles (German) with a \$3.4 million investment and 15 jobs, Magana Tech with a \$2.5 million investment and 25 jobs, GE Security with a \$1.5 million investment and 25 jobs, and Today Tec (Chinese) with a \$1.1 million investment and 10 jobs.

In addition, the following companies have announced new investments in the past three months: Spantek with a \$1 million investment and 25 jobs, Hof Textiles (German) again with a \$1.5 million investment and 16 jobs and Ostec with a \$2 million investment and 10 jobs.

Recently, Crate & Barrel's new 365,000 square feet distribution center received a Silver LEED Certified (Green) Designation making it the first distribution center in North Carolina to be certified. It also pushed the developed square footage in the Lincoln County Industrial Park to over 3.5 million square feet, representing over \$250 million in investment.

Furthermore, in Forney Creek Park, the first building of an east medical campus by Carolinas Medical Center-Lincoln opened and sites for Class A office buildings have been graded. In addition, the new \$90 million Carolina Medical Center – Lincoln Hospital in Lincolnton is running ahead of construction and will open in May of 2010.

As for closings, in June 2007, La-Z-Boy closed its facility and eliminated 280 jobs; in October 2008, Cochrane Furniture closed its Lincolnton facilities, eliminating 240 jobs; and in spring of 2009, Bosch Tools closed its manufacturing plant that employed 230 people.

The County continues to experience commercial growth in the eastern portion of the County at the intersection of new NC 16 and NC 73 and along old Highway 16. Commercial growth is also occurring in Lincolnton, particularly along the NC 321 corridor where two new shopping centers are planned.

Capital Improvement Program

The Board of Commissioners with the 2008-09 budget adoption approved the first formal Capital Improvement Program (CIP) for the County covering six years of capital needs. One of the capital needs being addressed is office space for court and County administrative functions. A committee considered options which consisted of purchasing and renovating existing facilities or the construction of a new facility. As a means to immediately address some of the office space needs, the Board of Commissioners in September 2006 entered a lease for a former bank building in downtown Lincolnton, which includes an option to purchase the building, if the County so chooses. 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 previously mentioned new hospital. This certificate of need was received in 2008, and construction began soon afterwards. When this hospital is completed in the spring of 2010, the current facility will revert back to Lincoln County, which plans on using the facility for county office space. In October 2008, the Board of Commissioners approved an architect to perform a detailed space study of all county departments and how their needs can best be addressed in light of the hospital facility becoming available. This space study is progressing on schedule and should be completed in the early 2010.

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 includes 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. It will allow funds for renovations and expansions of existing buildings, expansion of the bus garage, a new technology arts building, and a new elementary school. These bonds are proposed to be issued over three fiscal years. The first issuance of \$13 million, along with an additional \$2 million of 2004 bond authorization, was issued in October 2008. It is hoped that our next sale in the amount of \$8.5 million will be scheduled in January or early 2010. By selling these bonds over a three year period, we can meet the cash flow needs of the schools on these projects and spread our debt over a longer period. To meet the additional debt requirements needed for these additional bonds, the tax rate for fiscal year 2008-09 was increased 4.0 cents, of this amount 3.19 cents was dedicated to current and future school debt repayment. It is hoped that this increase will be sufficient to service this additional debt service over the next three years.

During the fiscal year ending June 30, 2007, a minor expansion of the Water Treatment plant from 3.0 million gallons per day (MGD) to 3.99 MGD was approved. The proposed full expansion of the

Plant to 6.0 MGD is in review by the State. A joint effort with the Board of Education for the construction of a new water line along Highway 73 to serve the Lincolnton-Lincoln County Regional Airport and East Lincoln Middle School was completed during FY 08/09. This project was funded with a combination of local and school bond funds to provide service to both the school and to an area with potential for rapid growth in the next few years. In addition, new water and sewer lines have been completed to serve the new North Lincoln Middle School on Amity Church Road.

Lincoln County is currently constructing a new wastewater treatment plant which will supplement the current treatment plant. The new treatment facility will have an initial capacity of 1.67 (MGD) and will be expandable up to 3.4 MGD as future flows require. This project is estimated at \$22 million and is being funded by a State revolving loan of \$17.5 million, which is to be repaid from sewer fees and capacity charges from current and future customers. The balance will come from certificates of participation or funds accumulated within the Water and Sewer CIP Fund.

A project for the construction of a new pump station and sewer line to serve the Lincoln County Industrial Park with the City of Lincolnton's sewer system has recently been completed. This will provide additional sewer capacity for future business expansions. This project was a joint effort with the City of Lincolnton, which will receive and treat the wastewater at their existing plant.

An additional water line extension project is being designed that will connect two major distribution lines along Highways 150 and 73 and is currently being bid. This project will increase flow and provide better service to customers along highway 73. In addition to this project, another project is being designed to extend the highway 73 water line to connect with the eastern portion served from highway 16. This project, along with an additional elevated tank and pump station will also, improve service in this part of the County.

LONG TERM PLANNING

As one of the principal aspects 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. Throughout FY 2008 – 2009, several projects were completed which included the Unified Development Ordinance and the Airport Business Park Plan. The staff continues to proceed with the completion of projects scheduled for this fiscal year.

The NC16 Corridor Vision Plan was begun in 2008 and draft recommendations were presented for public review in April 2009. However, due to scheduling and the need to complete the Unified Development Ordinance, the project was put on hold until August. Since that time, the draft report has now been completed and distributed for final review. This plan provides an overview of projects and a development standard felt necessary to enhance the NC16 Corridor over a 20 to 30 year timeframe and provides broad recommendations to be implemented. It is not a site specific plan, but rather identify issues and recommendations to accomplish the vision goals for the 12.6 mile corridor. This plan is targeted to be completed before the end of the calendar year.

Another major initiative is the Lincoln County Greenways & Trail Master Plan, which is being worked on jointly by Lincoln County, City of Lincolnton and the Lincoln Natural Resources Committee. This plan was funded by the Carolina Thread Trail Foundation and is part of a fifteen county area to plan and develop trails in the region. Two types of trails were identified for the county and include primary trails (as part of the Carolina Thread Trail network) and secondary trails (those trails specific to the local area) totaling more than 88 miles in length throughout the county. The draft plan was completed and is anticipated to be adopted in November.

A continuation of the Unified Development Ordinance includes an effort to identify and create additional standards for Development Districts within Lincoln County. These districts require alternative standards beyond those regulating county-wide growth and development. They require special attention due to growth pressure unique to an area, yet not establish any unintended burdens in other areas in the county where similar growth related issues are not found. Thus, different standards may apply to rural and suburban development. Two primary actions are required and include what standards should be developed and define the area where the standards will apply. There are six main categories which regulate development. These include Land Use – types, location, attributes, Buildings – materials, function, location, Site – connections, service areas, parking, access, et cetera, Signs – size, type, location, Landscaping – where, type, Open Space – type, location, function

Over the last seven months, staff has been actively engaged in working on the Lake Norman Regional Bicycle Route with Centralina Council of Governments and neighboring communities. This NCDOT funded plan creates a 118-mile designated route around Lake Norman with access to regional parks and schools as well as promoting tourism and bicycle awareness. A significant section of the route is located in eastern Lincoln County.

As recommended in the 2007 Land Use plan and the NC16 Corridor Vision Plan, detailed small areas plans are another major initiative for Planning and Inspections this year. This type of plan will examine a defined area with site specific design and plan how an area should be developed based on the recommendations of the previous planning efforts and the property owners. Beginning with three key intersections along NC16 (Hagers Ferry, Campground and South Triangle), these plans will look at the potential for new development and site redevelopment to accommodate growth in a coordinated fashion and alleviate current issues including connectivity.

Additional future projects are designed to continue to implement the recommendations of the Future Land Use Plan and other recommendations of the projects listed above. These future projects include additional corridor plans and working with the Lincoln Economic Development Agency in a continued effort to evaluate sites identified as future employment centers. Lastly, the need for district or township plans has been identified as future projects. These plans will examine the unique characteristics of each of the five townships in Lincoln County, including their strengths and potential opportunities; and then make recommendations on how to protect their natural resources, how to address their needs of infrastructure and development, and how to focus on the citizens' ideals for the future.

OTHER ACCOMPLISHMENTS

Funding for education remains a large expenditure category in our budget with a total \$23,989,368 expended. This expenditure is composed of \$17,742,846 from the General Fund and \$6,246,522 of capital project expenditures. The General Fund portion increased the Schools Current Expense by \$633,218, or 3.70% over 2008.

OTHER POSTEMPLOYMENT BENEFITS

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

The County offers post-retirement health care benefits to all full-time County employees who retire with at least 20 years of service from the Local Government Retirement System. This was increased

to 25 years September 1, 2005 for new hires after that date. After the employee reaches age 65 or until they are eligible to receive Medicare Benefits, whichever occurs sooner, 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. The amount of post-retirement health care benefits expended in fiscal year 2009 was \$322,242. The amount appropriated by the County for the current fiscal year ending June 30, 2010 is \$315,000.

In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. GASB Statement No. 45 generally required that state and local governmental employers account for other post-employment benefits ("OPEB") on an accrual basis similar to the manner that they currently account for pensions. GASB Statement No. 45 also requires disclosure of information on the plan in which an employer participates, the funding policy followed and the actuarial valuation process and assumptions. The County is considered a "Phase 2" government under GASB Statement No. 45 and has implemented GASB Statement No. 45 in the fiscal year 2008-09.

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, 2008. This was the thirteenth 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.

Certificate of Model EMS System

The North Carolina Emergency Medical Systems Advisory Council awarded a Certification of a Model System to the Lincoln County Emergency Medical Services Department during fiscal year ended June 30, 2008. To meet the requirement, a county must submit an application to Office of Emergency Medical Services for such designation showing that it not only meets the state's minimum standards, but also additional requirements. This designation is for a six year period.

Health Department Accreditation

The North Carolina Health Department Accreditation Board awarded accreditation to the Lincoln County Health Department June 29, 2007 for the period 2007–2011. The accreditation process looks at a mandatory, standards-based system for accrediting local public health departments. The Lincoln County Health Department has met all Accreditation Standards set by the board.

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,



George Wood
County Manager



Leon Harmon
Finance Director

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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

LINCOLN COUNTY , NORTH CAROLINA

Principal Officials

June 30, 2009

Board of County Commissioners

Alex E. Patton, Chairman

Bruce W. Carlton, Vice-Chairman

George G. Arena

James A. Klein

Carrol Mitchem

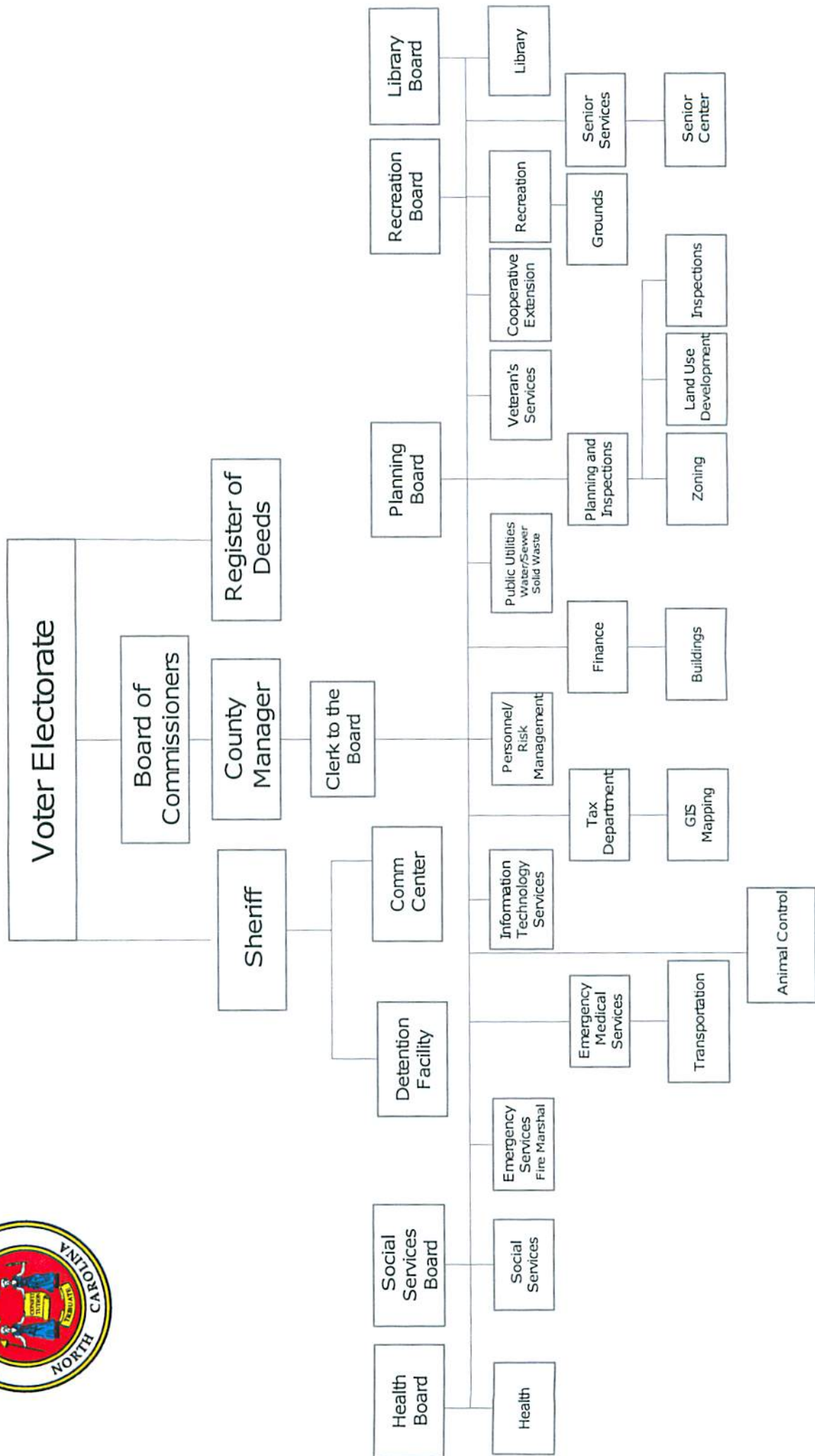
County Officials

**George Wood
Jeffrey Taylor
Elaine Harmon
Timothy Daugherty
Donnie Fields
Kelly Atkins
Kevin Starr
Judy Caudill
Bill Summers
Leon Harmon
Margaret Dollar
Jennifer Sackett
Dante' Patterson
Barry McKinnon
Erma Deen Hoyle
Susan McCracken
Rick McSwain
Madge Huffman
Eric Robinson**

**County Manager
County Attorney
Register of Deeds
Sheriff
Buildings and Grounds
Planning and Inspections
Cooperative Extension
Elections
Emergency Management
Finance Director
Health
Library
Information Technology
Public Works
Recreation
Social Services
Soil Conservation
Tax Administrator
Veterans Service**

Lincoln County

Organizational Chart



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

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

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lincoln County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of and for the year then ended June 30, 2009, which collectively comprise Lincoln County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lincoln County, North Carolina's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Lincoln County ABC Board. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Lincoln County ABC Board is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Lincoln County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit, and the report of the other auditors, provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, North Carolina, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis, Schedules of Funding Progress, Employer Contributions, and Notes to the Required Schedules for the Law Enforcement Officer's Special Separation Allowance, and the Other Postemployment Benefits Schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2009, on our consideration of Lincoln County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Lincoln County, North Carolina. The introductory information, combining and individual major and nonmajor fund schedules, supplemental financial data, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual major and nonmajor fund schedules and the supplemental financial data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 26, 2009

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, 2009. 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 of Lincoln County exceeded its liabilities at the close of the fiscal year by \$14,484,281 (*net assets*).
- Current year operations, increased property tax collections, and an increase in school capital construction increased the government's total net assets by \$1,348,513.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$40,403,773, an increase of \$14,472,835 in comparison with the prior year amount. This increase was primarily due to increased property tax collections, budget cuts, furloughs, elimination of some positions, and issuance of school and public facility bonds. Approximately 87.16 percent of this total amount, or \$35,215,397, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15,686,057, or 19.48% percent of total general fund expenditures for the fiscal year. In 2008, unreserved fund balance in the General Fund was \$10,239,759, or 12.87% of total expenditures.
- Lincoln County's total debt increased by \$11,629,727, or 9.68%, during the current fiscal year. The key factor in this increase was the issuance of additional school and public facility bonds along with a state park loan.
- The assets of the East Lincoln County Water and Sewer District were transferred to the Lincoln County Water and Sewer Fund on July 1, 2007 in order to better serve a rapidly growing area of the County. The East Lincoln County Water and Sewer District will remain in existence until all debt of the District incurred prior to the asset transfer is repaid.
- Lincoln County maintained its A2 bond rating from Moody's Investors Service; maintained an AA- rating from Standard & Poor's; and maintained an AA- rating from Fitch Ratings as a result of our last ratings in October 2008.

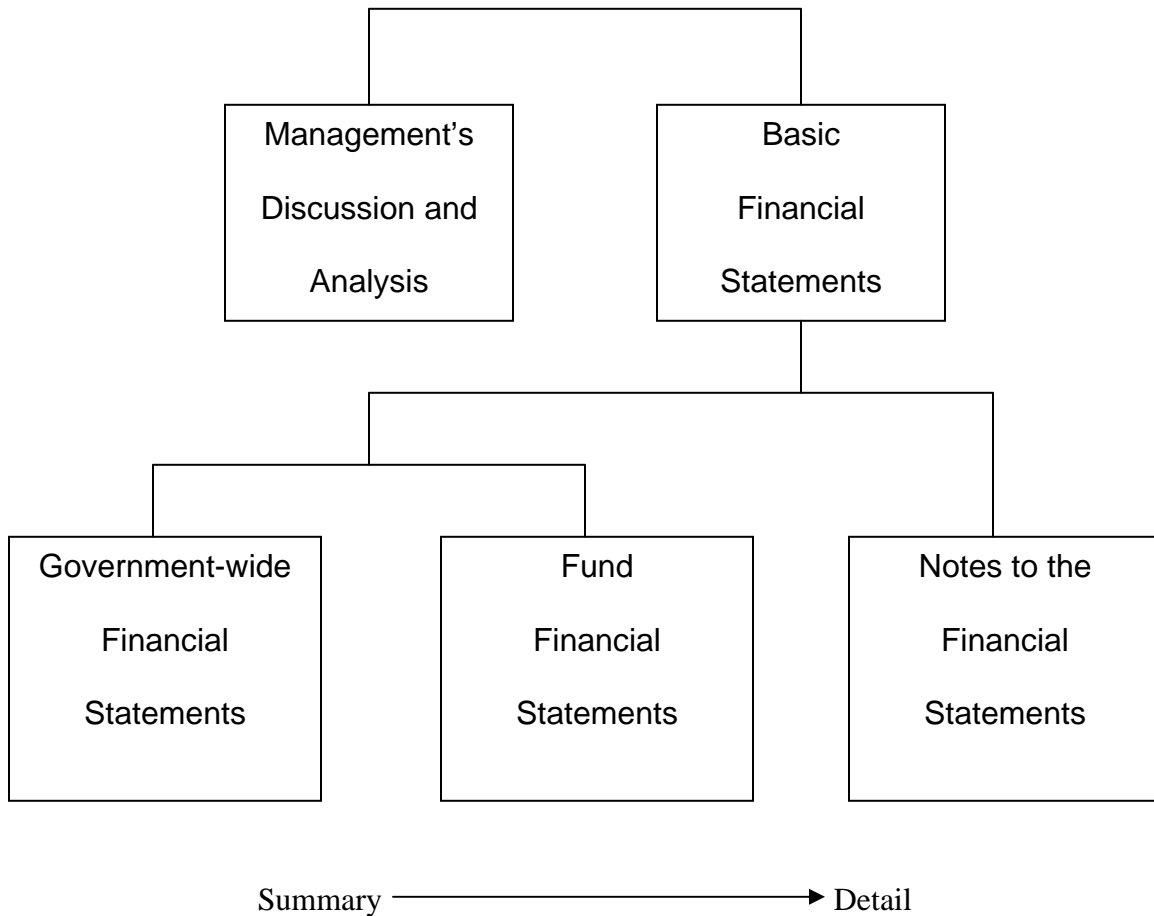
Overview of the Financial Statements

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 Basic Financial Statements**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and Federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill 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.

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 government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Lincoln County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit J of this report.

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

Lincoln County's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 46,327,405	\$ 30,323,926	\$ 15,864,456	\$ 18,690,856	\$ 62,191,861	\$ 49,014,782
Capital assets	<u>30,165,596</u>	<u>29,111,944</u>	<u>71,005,868</u>	<u>66,695,208</u>	<u>101,171,464</u>	<u>95,807,152</u>
Total assets	<u>\$ 76,493,001</u>	<u>\$ 59,435,870</u>	<u>\$ 86,870,324</u>	<u>\$ 85,386,064</u>	<u>\$ 163,363,325</u>	<u>\$ 144,821,934</u>
Long-term liabilities outstanding	\$ 124,870,193	\$ 109,397,934	\$ 18,779,709	\$ 17,768,853	\$ 143,649,902	\$ 127,166,787
Other liabilities	<u>4,047,991</u>	<u>2,935,417</u>	<u>1,181,151</u>	<u>1,583,962</u>	<u>5,229,142</u>	<u>4,519,379</u>
Total liabilities	<u>128,918,184</u>	<u>112,333,351</u>	<u>19,960,860</u>	<u>19,352,815</u>	<u>148,879,044</u>	<u>131,686,166</u>
Net assets:						
Invested in capital assets, net of related debt	20,388,761	23,939,226	59,892,883	54,035,788	80,281,644	77,975,014
Unrestricted	<u>(72,813,944)</u>	<u>(76,836,707)</u>	<u>7,016,581</u>	<u>11,997,461</u>	<u>(65,797,363)</u>	<u>(64,839,246)</u>
Total net assets	<u>\$ (52,425,183)</u>	<u>\$ (52,897,481)</u>	<u>\$ 66,909,464</u>	<u>\$ 66,033,249</u>	<u>\$ 14,484,281</u>	<u>\$ 13,135,768</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Lincoln County exceeded liabilities by \$14,484,281 as of June 30, 2009. The County's net assets increased by \$1,348,513 for the fiscal year ended June 30, 2009. One of the largest portions \$80,281,644 reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Lincoln County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lincoln County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of (\$65,797,363) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.50%, higher than the 2008 statewide average of 97.38%.
- Long-term liabilities increased without 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.
- Increased ad valorem tax due to revaluation and growth, a decline in sales tax revenue due to State assuming a portion to offset Medicaid program expenses and a general decline in retail sales in County.
- Continued low cost of debt due to the County's high bond rating.

Lincoln County's Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 10,103,282	\$ 9,534,687	\$ 10,558,720	\$ 12,076,967	\$ 20,662,002	\$ 21,611,654
Operating grants and contributions	12,164,183	10,873,450	-	-	12,164,183	10,873,450
Capital grants and contributions	993,870	132,720	1,973,895	3,449,828	2,967,765	3,582,548
General revenues:						
Property taxes	53,625,181	43,830,954	557,775	1,302,839	54,182,956	45,133,793
Other taxes	15,386,318	18,179,813	-	-	15,386,318	18,179,813
Other	35,424	2,077,677	1,343,283	712,156	1,378,707	2,789,833
Total revenues	<u>92,308,258</u>	<u>84,629,301</u>	<u>14,433,673</u>	<u>17,541,790</u>	<u>106,741,931</u>	<u>102,171,091</u>
Expenses:						
General government	14,596,135	7,838,748	-	-	14,596,135	7,838,748
Public safety	23,753,716	23,430,338	-	-	23,753,716	23,430,338
Economic and physical development	3,326,492	1,892,385	-	-	3,326,492	1,892,385
Human services	19,029,439	21,226,794	-	-	19,029,439	21,226,794
Cultural and recreation	1,882,196	1,691,147	-	-	1,882,196	1,691,147
Education	23,989,368	20,859,917	-	-	23,989,368	20,859,917
Interest on long-term debt	5,258,614	4,907,326	-	-	5,258,614	4,907,326
Landfill	-	-	5,880,066	5,345,843	5,880,066	5,345,843
Water and sewer	-	-	7,677,392	6,790,738	7,677,392	6,790,738
Total expenses	<u>91,835,960</u>	<u>81,846,655</u>	<u>13,557,458</u>	<u>12,136,581</u>	<u>105,393,418</u>	<u>93,983,236</u>
Increase (decrease) in net assets	<u>472,298</u>	<u>2,782,646</u>	<u>876,215</u>	<u>5,405,209</u>	<u>1,348,513</u>	<u>8,187,855</u>
Net assets, beginning	<u>(52,897,481)</u>	<u>(55,680,127)</u>	<u>66,033,249</u>	<u>60,628,040</u>	<u>13,135,768</u>	<u>4,947,913</u>
Net assets, ending	<u>\$ (52,425,183)</u>	<u>\$ (52,897,481)</u>	<u>\$ 66,909,464</u>	<u>\$ 66,033,249</u>	<u>\$ 14,484,281</u>	<u>\$ 13,135,768</u>

Governmental activities. Governmental activities increased the County's net assets by \$472,298. The key elements of this increase in 2009 were decreased expenditures for human services, and interest on debt that were partially offset by increased expenditures for public safety, economic development, and human services. The large increase in general government is due to the addition of an internal service fund, to account for our insurance costs, which is not self funded. Additional property tax collections, additional collections in other taxes, and additional operating grant revenues were the revenues that contributed to the increase in net assets.

Business-type activities: Business-type activities increased Lincoln County's net assets by \$876,215. This increase in net assets was further increased by the "Governmental activities" increase previously mentioned. Together there was a total net asset increase of \$1,348,513. Although there was an increase in the business-type activities, the increase was much smaller than last year's increase due to the decline in the economy and the decrease in new construction.

Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of Lincoln County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$15,686,057, while total fund balance reached \$20,328,507. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 19.48 percent of total General Fund expenditures, while total fund balance represents 25.25 percent of that same amount. This increase in fund balance is due to revaluation of real property and an increase in effective tax rate. The fund balance had been allowed to decrease during the three years leading up to this revaluation, (while maintaining an adequate level), and was adjusted up during FY 08/09 to make up for this general decline.

At June 30, 2009, the governmental funds of Lincoln County reported a combined fund balance of \$40,403,773, a 55.81 percent increase over last year. The primary reason for this increase was the issuance of \$15 million in school bonds and \$4.2 million of public improvement bonds for improvements to county facilities and to construct and improve school facilities and additional property tax collections.

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 decreased revenues by \$2,090,694. The majority of this decrease was in sales taxes and building permit fees related to the economy and decrease in new construction. To off-set this reduction in revenue the County implemented a 4% across the board budget reduction, decreased capital spending and instituted 40 hours of furlough for county employees, except for Social Services and WIC employees who saw an increase in requests for assistance.

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 assets of the Landfill Fund at the end of the fiscal year amounted to (\$1,308,000), the Water and Sewer Fund equaled \$6,730,279 and those for the East Lincoln County Water and Sewer District equaled \$1,594,302. The total growth in net assets for the three funds, was (\$2,783,575), \$1,554,629 and \$2,105,161, respectively. The landfill decrease was primarily related to the addition of the closure and post-closure costs for the construction and demolition of the landfill. Previously only the closure costs related to the lined sanitary landfill was included but the construction of the landfill was included during FY 08/09. 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, 2009, totals \$101,171,464 (net of accumulated depreciation). These assets include buildings, land, water and sewer line and treatment facilities, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchased new vehicles for Law Enforcement and various other departments
- Construction of new water distribution lines
- Expansion of Wastewater Treatment facility
- Construction of sewer collection lines
- Purchase of land for passive park
- Purchase of tub grinder at landfill

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 3,840,825	\$ 1,647,900	\$ 1,173,567	\$ 695,367	\$ 5,014,392	\$ 2,343,267
Buildings and structures	14,529,573	13,881,853	20,452,098	19,488,838	34,981,671	33,370,691
Other improvements	2,614,291	2,772,209	3,892,848	3,839,506	6,507,139	6,611,715
Machinery and equipment	3,416,374	2,916,797	3,295,553	2,834,581	6,711,927	5,751,378
Infrastructure	-	-	38,804,153	33,995,904	38,804,153	33,995,904
Vehicles and other equipment	2,271,886	1,930,046	-	-	2,271,886	1,930,046
Construction in progress	<u>3,492,647</u>	<u>5,963,139</u>	<u>3,387,649</u>	<u>5,841,012</u>	<u>6,880,296</u>	<u>11,804,151</u>
Total	<u>\$ 30,165,596</u>	<u>\$ 29,111,944</u>	<u>\$ 71,005,868</u>	<u>\$ 66,695,208</u>	<u>\$ 101,171,464</u>	<u>\$ 95,807,152</u>

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

Long-term Debt. As of June 30, 2009, Lincoln County had total bonded debt outstanding of \$100,030,000, 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	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General obligation bonds	<u>\$ 94,466,234</u>	<u>\$ 80,473,856</u>	<u>\$ 5,563,766</u>	<u>\$ 6,891,144</u>	<u>\$ 100,030,000</u>	<u>\$ 87,365,000</u>

Lincoln County's total bonded debt increased by \$12,665,000 or 14.50 percent during the past fiscal year, primarily due to the issuance of \$15 million of school bonds and \$4.2 million of public improvement bonds.

As mentioned in the financial highlights section of this document, Lincoln County maintained its A2 bond rating from Moody's Investor Service, last year was upgraded to an AA- rating from Standard and Poor's Corporation, and maintained its 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 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Lincoln County is \$558,502,821. The County had \$33,600,000 in school bonds authorized but un-issued at June 30, 2009.

Additional information regarding Lincoln County's long-term debt can be found in note II.B.7 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Although the County unemployment rate for 2008-09 averaged approximately 11.43%, higher than the state average of 8.99%, the County remains lower than some of the surrounding counties which have lost more jobs than Lincoln County.
- The Lincoln County Industrial Park now has over 3.5 million square feet representing over \$250 million in investments.
- In March 2009, *Site Selection Magazine* ranked the Lincolnton and Lincoln County Micropolitan Area 10th nationally for its ability to secure new and expanded corporate facility projects.
- Six industrial announcements during 2008-09 fiscal year totaled \$15 million of capital investments and 120 jobs.
- The County's proximity to Charlotte and major transportation corridors continue to make it attractive for development.
- The County has a relative low tax rate of 57 cents which is less than the state average of 63.2 cents.
- Lincoln Economic Development Association won the 2008 International Economic Development Council award for best Existing Business Program.
- Lincoln Economic Development Association won the 2008 Charlotte Regional Partnership award for regional impact and community cooperation.
- Lincoln County has the first LEED Certified (Silver) distribution center in North Carolina.
- Retail sales decreased by (5.8)% during fiscal year 2009 due to the general decline in the economy compared to a (.1)% with the same period in year 2008.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: The County adopted a General Fund budget in the amount of \$90,162,724 for the fiscal year ending June 30, 2010, a decrease of \$1,905,696, or 2.07%, from the fiscal year 2009 budget. The majority of the budget decrease was in Planning & Inspections, Community Development, Economic Development, School Capital Outlay, Capital Projects and Contingency. There were increases in Transportation, Social Services and Debt Service. The property tax was unchanged at \$.57 per \$100 valuation.

Business – Type Activities: The water and sewer rates in the County continue to remain stable with growth and customer base adequate to cover expenses, although tap and capacity fees have decreased due to the decline in construction. The water system recently completed construction of additional distribution lines. This construction has allowed for the continued expansion and growth of residential and commercial growth in the eastern part of the County along with providing adequate water service for our industrial park in the northern part of the County. The County Water and Sewer system was also enhanced by the transfer of assets from the East Lincoln Water and Sewer District. Rates for landfill services have remained the same with tipping fees and availability fees adequate to allow the accumulation of funds for future landfill cells and the closure of landfill cells currently in use.

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, N.C. 28092.

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LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Component Unit</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Lincoln County ABC Board</u>
Assets:				
Cash and cash equivalents	\$ 39,408,376	\$ 15,248,043	\$ 54,656,419	\$ 97,790
Taxes receivable (net)	1,668,866	153,013	1,821,879	-
Accounts receivable (net)	1,339,432	153,052	1,492,484	-
Due from other governments	3,150,794	196,314	3,347,108	-
Internal balances	10,706	(10,706)	-	-
Inventories	-	-	-	174,206
Prepaid items	421,399	-	421,399	-
Cash and cash equivalents-restricted	327,832	-	327,832	-
Other assets	-	124,740	124,740	-
Capital assets, nondepreciable	7,333,472	4,561,216	11,894,688	181,213
Capital assets- depreciable, net	<u>22,832,124</u>	<u>66,444,652</u>	<u>89,276,776</u>	<u>434,362</u>
Total assets	<u>76,493,001</u>	<u>86,870,324</u>	<u>163,363,325</u>	<u>887,571</u>
Liabilities:				
Accounts payable and other accrued liabilities	3,416,104	1,075,996	4,492,100	122,213
Unearned revenue	631,887	-	631,887	-
Customer deposits	-	105,155	105,155	-
Long-term Liabilities:				
Due in less than one year	8,854,712	1,815,971	10,670,683	43,968
Due in more than one year	<u>116,015,481</u>	<u>16,963,738</u>	<u>132,979,219</u>	<u>136,201</u>
Total liabilities	<u>128,918,184</u>	<u>19,960,860</u>	<u>148,879,044</u>	<u>302,382</u>
Net Assets:				
Invested in capital assets, net of related debt	20,388,761	59,892,883	80,281,644	435,406
Restricted	-	-	-	59,049
Unrestricted	<u>(72,813,944)</u>	<u>7,016,581</u>	<u>(65,797,363)</u>	<u>90,734</u>
Total net assets	<u>\$ (52,425,183)</u>	<u>\$ 66,909,464</u>	<u>\$ 14,484,281</u>	<u>\$ 585,189</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, 2009

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 14,596,135	\$ 1,645,146	\$ 933,098	\$ 993,870
Public safety	23,753,716	4,566,789	393,051	-
Economic and physical development	3,326,492	-	410,726	-
Human services	19,029,439	3,888,397	9,093,058	-
Cultural and recreational	1,882,197	2,950	-	-
Education	23,989,368	-	1,334,250	-
Debt Service:				
Interest and fees	5,258,614	-	-	-
Total governmental activities	<u>91,835,960</u>	<u>10,103,282</u>	<u>12,164,183</u>	<u>993,870</u>
Business-Type Activities:				
Landfill	5,880,066	2,994,637	-	-
Water and Sewer	7,437,335	7,564,083	-	1,973,895
East Lincoln County Water and Sewer	240,057	-	-	-
Total business type activities	<u>13,557,458</u>	<u>10,558,720</u>	<u>-</u>	<u>1,973,895</u>
Total primary government	<u>\$ 105,393,418</u>	<u>\$ 20,662,002</u>	<u>\$ 12,164,183</u>	<u>\$ 2,967,765</u>
Component Unit:				
Lincoln County ABC Board	<u>\$ 1,749,349</u>	<u>\$ 1,969,173</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Ad valorem taxes
Local option sales tax
Utility franchise tax
Real estate transfer tax
Other taxes
Unrestricted intergovernmental
Investment earnings

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning
Net assets - ending

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Lincoln County ABC Board
\$ (11,024,021)	\$ -	\$ (11,024,021)	\$ -
(18,793,876)	-	(18,793,876)	-
(2,915,766)	-	(2,915,766)	-
(6,047,984)	-	(6,047,984)	-
(1,879,247)	-	(1,879,247)	-
(22,655,118)	-	(22,655,118)	-
(5,258,614)	-	(5,258,614)	-
(68,574,625)	-	(68,574,625)	-
-	(2,885,429)	(2,885,429)	-
-	2,100,643	2,100,643	-
-	(240,057)	(240,057)	-
-	(1,024,843)	(1,024,843)	-
(68,574,625)	(1,024,843)	(69,599,468)	-
-	-	-	219,824
53,625,181	557,775	54,182,956	-
13,803,138	-	13,803,138	-
321,802	-	321,802	-
514,599	-	514,599	-
746,779	-	746,779	-
456,991	-	456,991	-
662,836	258,880	921,716	846
(1,084,403)	1,084,403	-	-
69,046,923	1,901,058	70,947,981	846
472,298	876,215	1,348,513	220,670
(52,897,481)	66,033,249	13,135,768	364,519
<u>\$ (52,425,183)</u>	<u>\$ 66,909,464</u>	<u>\$ 14,484,281</u>	<u>\$ 585,189</u>

LINCOLN COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	General Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 17,634,858	\$ 4,020,085	\$ 10,190,906	\$ 6,528,929	\$ 38,374,778
Taxes receivable, net	1,450,167	-	-	218,699	1,668,866
Accounts receivable, net	1,288,353	-	-	47,724	1,336,077
Due from other governments	3,049,933	32,008	65,725	3,128	3,150,794
Due from other funds	50,250	25,000	-	495,074	570,324
Prepaid items	377,399	-	-	-	377,399
Cash and cash equivalents, restricted	327,832	-	-	-	327,832
Total assets	<u>\$ 24,178,792</u>	<u>\$ 4,077,093</u>	<u>\$ 10,256,631</u>	<u>\$ 7,293,554</u>	<u>\$ 45,806,070</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 1,557,735	\$ 143,896	\$ 1,119,168	\$ 70,249	\$ 2,891,048
Due to other funds	562,024	-	-	-	562,024
Deferred revenue	1,730,526	-	-	218,699	1,949,225
Total liabilities	<u>3,850,285</u>	<u>143,896</u>	<u>1,119,168</u>	<u>288,948</u>	<u>5,402,297</u>
Fund Balances:					
Reserved:					
State statute	4,265,051	-	-	545,926	4,810,977
Prepaid items	377,399	-	-	-	377,399
Unreserved	15,686,057	3,933,197	9,137,463	-	28,756,717
Reported in Nonmajor:					
Special revenue funds	-	-	-	6,458,680	6,458,680
Total fund balances	<u>20,328,507</u>	<u>3,933,197</u>	<u>9,137,463</u>	<u>7,004,606</u>	<u>40,403,773</u>
Total liabilities and fund balances	<u>\$ 24,178,792</u>	<u>\$ 4,077,093</u>	<u>\$ 10,256,631</u>	<u>\$ 7,293,554</u>	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.					30,165,596
Long-term liabilities, unfunded pension obligations, compensated absences, and other postemployment benefits are not due and payable in the current period and therefore are not reported in the funds.					(124,870,193)
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year end.					1,792,351
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 assets					83,290
Net assets of governmental activities, per Exhibit A					<u>\$ (52,425,183)</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, 2009

	General	General Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 47,858,134	\$ -	\$ -	\$ 5,447,933	\$ 53,306,067
Local option sales taxes	13,803,138	-	-	-	13,803,138
Other taxes and licenses	902,519	-	-	680,661	1,583,180
Unrestricted intergovernmental revenues	456,991	-	-	-	456,991
Restricted intergovernmental revenues	10,022,383	693,000	-	1,356,164	12,071,547
Permits and fees	1,460,117	-	-	-	1,460,117
Sales, service and rents	7,911,950	-	-	-	7,911,950
Miscellaneous	801,842	300,870	-	-	1,102,712
Investment earnings	377,044	40,643	143,080	98,006	658,773
Total revenues	83,594,118	1,034,513	143,080	7,582,764	92,354,475
Expenditures:					
Current:					
General government	6,680,816	-	-	-	6,680,816
Public safety	18,646,331	-	-	5,768,203	24,414,534
Economic and physical development	2,560,826	-	-	-	2,560,826
Human services	19,932,951	-	-	-	19,932,951
Cultural and recreational	1,828,106	-	-	-	1,828,106
Education	17,742,846	-	-	-	17,742,846
Capital outlay	-	6,234,858	6,246,522	-	12,481,380
Debt Service:					
Principal repayments	7,872,139	-	-	-	7,872,139
Interest	5,258,614	-	-	-	5,258,614
Total expenditures	80,522,629	6,234,858	6,246,522	5,768,203	98,772,212
Revenues over (under) expenditures	3,071,489	(5,200,345)	(6,103,442)	1,814,561	(6,417,737)
Other Financing Sources (Uses):					
Bond premium	-	5,282	-	-	5,282
Long-term debt issued	-	5,990,000	15,000,000	-	20,990,000
Transfers out	(5,308,678)	-	(2,980,719)	(4,946,426)	(13,235,823)
Transfers in	6,141,716	1,928,455	-	5,060,942	13,131,113
Total other financing sources (uses)	833,038	7,923,737	12,019,281	114,516	20,890,572
Net change in fund balances	3,904,527	2,723,392	5,915,839	1,929,077	14,472,835
Fund balance, beginning of year	16,423,980	1,209,805	3,221,624	5,075,529	25,930,938
Fund balance, end of year	\$ 20,328,507	\$ 3,933,197	\$ 9,137,463	\$ 7,004,606	\$ 40,403,773

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 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

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

Net change in fund balances - total governmental funds	\$ 14,472,835
Capital outlays are reported as expenditures in the governmental fund statement. However, in the statement of activities, capital outlay is not an expense, rather it is an increase in capital assets.	4,892,260
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements.	(2,035,373)
The sale of capital assets is reported as a revenue in the governmental fund statements without subtracting the net book value of the capital assets sold.	(823,542)
The value of capital assets transferred from governmental to business-type activities is reflected as a transfer in the statement of activities.	(979,693)
Expenses related to compensated absences, law enforcement officers separation allowance, and other postemployment benefits that do not require current financial resources are not reported as expenditures in the governmental fund statement.	(2,354,398)
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	319,114
Other fees for service	15,666
Principal repayments are reported as expenditures in the governmental fund statement. However, in the statement of activities, these transactions are not an expense, rather they are a decrease in liabilities.	7,872,139
The net revenue of certain activities of the internal service fund is reported with governmental activities.	83,290
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.	(20,990,000)
Change in net assets of governmental activities	<u>\$ 472,298</u>

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

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/Under
Revenues:				
Ad valorem taxes	\$ 46,483,998	\$ 46,511,148	\$ 47,858,134	\$ 1,346,986
Local option sales taxes	15,735,720	14,705,715	13,803,138	(902,577)
Other taxes and licenses	1,115,000	1,115,000	902,519	(212,481)
Unrestricted intergovernmental revenues	474,000	474,000	456,991	(17,009)
Restricted intergovernmental revenues	9,611,019	10,577,942	10,022,383	(555,559)
Permits and fees	2,420,559	2,314,061	1,460,117	(853,944)
Sales, service and rents	8,943,245	9,305,809	7,911,950	(1,393,859)
Miscellaneous	431,550	593,638	801,842	208,204
Investment earnings	725,000	725,000	377,044	(347,956)
Total revenues	<u>85,940,091</u>	<u>86,322,313</u>	<u>83,594,118</u>	<u>(2,728,195)</u>
Expenditures:				
Current:				
General government	7,608,760	7,559,868	6,680,816	879,052
Public safety	19,204,778	19,692,671	18,646,331	1,046,340
Economic and physical development	2,735,364	2,771,246	2,560,826	210,420
Human services	23,300,549	23,872,578	19,932,951	3,939,627
Cultural and recreational	2,141,871	2,210,956	1,828,106	382,850
Education	17,986,269	17,742,846	17,742,846	-
Debt Service:				
Principal	7,875,343	7,976,458	7,872,139	104,319
Interest and fees	5,527,925	5,300,935	5,258,614	42,321
Total expenditures	<u>86,380,859</u>	<u>87,127,558</u>	<u>80,522,629</u>	<u>6,604,929</u>
Revenues over (under) expenditures	<u>(440,768)</u>	<u>(805,245)</u>	<u>3,071,489</u>	<u>3,876,734</u>
Other Financing Sources (Uses):				
Transfers out	(5,475,500)	(6,819,495)	(5,308,678)	1,510,817
Transfers in	5,916,268	7,506,369	6,141,716	(1,364,653)
Fund balance appropriated	-	118,371	-	(118,371)
Total other financing sources (uses)	<u>440,768</u>	<u>805,245</u>	<u>833,038</u>	<u>27,793</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>3,904,527</u>	<u>\$ 3,904,527</u>
Fund balance, beginning of year			<u>16,423,980</u>	
Fund balance, end of year			<u>\$ 20,328,507</u>	

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-Type Activities				Governmental Activities
	Landfill Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Fund
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 5,954,484	\$ 7,700,172	\$ 1,593,387	\$ 15,248,043	\$ 1,033,598
Taxes receivable, net	141,429	-	11,584	153,013	-
Accounts receivable, net	61,987	91,065	-	153,052	3,355
Due from other governments	88,303	108,011	-	196,314	-
Due from other funds	17,018	26,205	-	43,223	2,406
Prepaid items	-	-	-	-	44,000
Other assets	-	111,774	12,966	124,740	-
Total current assets	6,263,221	8,037,227	1,617,937	15,918,385	1,083,359
Capital Assets:					
Non-depreciable capital assets	400,367	4,160,849	-	4,561,216	-
Depreciable capital assets, net	6,543,995	59,900,657	-	66,444,652	-
Total noncurrent assets	6,944,362	64,061,506	-	71,005,868	-
Total assets	13,207,583	72,098,733	1,617,937	86,924,253	1,083,359
Liabilities:					
Current Liabilities:					
Accounts payable and other accrued liabilities	133,396	918,965	23,635	1,075,996	525,056
Due to other funds	32,193	21,736	-	53,929	-
Customer deposits	-	105,155	-	105,155	-
Unearned revenue	-	-	-	-	475,013
Current portion of compensated absences	6,500	9,900	-	16,400	-
Current portion of long-term debt	82,915	891,656	825,000	1,799,571	-
Total current liabilities	255,004	1,947,412	848,635	3,051,051	1,000,069
Noncurrent Liabilities:					
Accrued landfill closure/postclosure care costs	7,190,441	-	-	7,190,441	-
Compensated absences	58,718	88,784	-	147,502	-
Other postemployment benefits	149,973	162,408	-	312,381	-
Long-term debt	320,035	3,448,379	5,545,000	9,313,414	-
Total noncurrent liabilities	7,719,167	3,699,571	5,545,000	16,963,738	-
Total liabilities	7,974,171	5,646,983	6,393,635	20,014,789	1,000,069
Net Assets:					
Invested in capital assets, net of related debt	6,541,412	59,721,471	(6,370,000)	59,892,883	-
Unrestricted	(1,308,000)	6,730,279	1,594,302	7,016,581	83,290
Total net assets	\$ 5,233,412	\$ 66,451,750	\$ (4,775,698)	\$ 66,909,464	\$ 83,290

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities				Governmental Activities
	Landfill Fund	Water and Sewer Fund	East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenues:					
Charges for services	\$ 449,739	\$ 7,403,742	\$ -	\$ 7,853,481	\$ -
Water and sewer taps	-	137,383	-	137,383	-
Other operating revenues	5,077	22,958	-	28,035	6,416,096
Total operating revenues	454,816	7,564,083	-	8,018,899	6,416,096
Operating Expenses:					
Water treatment and distribution	-	3,199,303	-	3,199,303	-
Sewage collection	-	2,009,248	-	2,009,248	-
Pumping station	-	44,215	-	44,215	-
Landfill operations	5,483,631	-	-	5,483,631	-
Water and sewer district	-	-	2,938	2,938	-
Other services	-	-	-	-	6,336,869
Depreciation	438,204	2,038,517	-	2,476,721	-
Total operating expenses	5,921,835	7,291,283	2,938	13,216,056	6,336,869
Operating income (loss)	(5,467,019)	272,800	(2,938)	(5,197,157)	79,227
Nonoperating Revenues (Expenses):					
Ad valorem taxes	-	-	557,775	557,775	-
Availability fee	2,259,409	-	-	2,259,409	-
Investment earnings	101,854	142,878	14,148	258,880	4,063
White goods disposal tax	12,821	-	-	12,821	-
Tire disposal tax	77,048	-	-	77,048	-
Sales and use tax refund	46,283	51,089	-	97,372	-
Solid waste disposal tax	34,096	-	-	34,096	-
Federal and State grants	10,419	-	-	10,419	-
Miscellaneous	146,028	-	-	146,028	-
Interest and fees	(4,514)	(197,141)	(237,119)	(438,774)	-
Total nonoperating revenues (expenses)	2,683,444	(3,174)	334,804	3,015,074	4,063
Income (loss) before transfers and contributions	(2,783,575)	269,626	331,866	(2,182,083)	83,290
Capital contribution	-	2,953,588	-	2,953,588	-
Transfers in	-	1,300,000	1,773,295	3,073,295	-
Transfers out	-	(2,968,585)	-	(2,968,585)	-
Change in net assets	(2,783,575)	1,554,629	2,105,161	876,215	83,290
Net assets - beginning	8,016,987	64,897,121	(6,880,859)	66,033,249	-
Net assets - ending	\$ 5,233,412	\$ 66,451,750	\$ (4,775,698)	\$ 66,909,464	\$ 83,290

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, 2009

	Business-Type Activities				Governmental Activities
	East Lincoln County			Total Enterprise Funds	Internal Service Fund
	Landfill Fund	Water and Sewer Fund	Water and Sewer District Fund		
Operating Activities:					
Cash received from customers	\$ 386,879	\$ 7,613,714	\$ 6,788	\$ 8,007,381	\$ -
Cash received from interfund services	-	-	-	-	6,412,741
Cash received from other operating revenues	2,580,762	74,047	557,775	3,212,584	-
Cash paid for goods and services	(1,460,898)	(3,399,944)	(5,727)	(4,866,569)	(5,380,800)
Cash paid on behalf of employees	(1,673,473)	(2,044,812)	-	(3,718,285)	-
Net cash provided by (used in) operating activities	(166,730)	2,243,005	558,836	2,635,111	1,031,941
Noncapital Financing Activities:					
Transfers in (out)	-	(1,668,585)	1,773,295	104,710	-
Loans (to) from other funds	27,713	15,828	110,312	153,853	(2,406)
Net cash provided (used) by noncapital financing activities	27,713	(1,652,757)	1,883,607	258,563	(2,406)
Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1,033,405)	(2,800,388)	-	(3,833,793)	-
Debt issued	430,000	-	-	430,000	-
Debt principal paid	(27,050)	(1,056,084)	(835,000)	(1,918,134)	-
Capital contributions	10,419	-	-	10,419	-
Interest and fees paid	(4,514)	(255,442)	(237,119)	(497,075)	-
Net cash used by capital and related financing activities	(624,550)	(4,111,914)	(1,072,119)	(5,808,583)	-
Investing Activities:					
Interest on investments	101,854	142,878	14,148	258,880	4,063
Net cash provided by investing activities	101,854	142,878	14,148	258,880	4,063
Net increase (decrease) in cash and cash equivalents/investments	(661,713)	(3,378,788)	1,384,472	(2,656,029)	1,033,598
Cash and Cash Equivalents/Investments:					
Beginning of year	6,616,197	11,078,960	208,915	17,904,072	-
End of year	\$ 5,954,484	\$ 7,700,172	\$ 1,593,387	\$ 15,248,043	\$ 1,033,598

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, 2009

	Business-Type Activities				Governmental Activities
			East Lincoln County Water and Sewer District Fund	Total Enterprise Funds	Internal Service Fund
	Landfill Fund	Water and Sewer Fund			
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:					
Operating income (loss)	\$ (5,467,019)	\$ 272,800	\$ (2,938)	\$ (5,197,157)	\$ 79,227
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	438,204	2,038,517	-	2,476,721	-
Non-operating items	2,575,685	51,089	557,775	3,184,549	-
Change in Assets and Liabilities:					
(Increase) decrease in receivables	(34,820)	3,931	5,030	(25,859)	(3,355)
(Increase) decrease in due from other governments	(28,040)	(14,435)	-	(42,475)	-
(Increase) decrease in other assets	-	83,093	1,758	84,851	(44,000)
Increase (decrease) in accounts payable	7,349	(361,635)	(2,789)	(357,075)	525,056
Increase (decrease) in deferred revenue	-	-	-	-	475,013
Increase (decrease) in customer deposits	-	12,566	-	12,566	-
Increase (decrease) in landfill closure/postclosure care cost	2,183,770	-	-	2,183,770	-
Increase (decrease) in other postemployment benefits	149,973	162,408	-	312,381	-
Increase (decrease) in compensated absences payable	8,168	(5,329)	-	2,839	-
Total adjustments	5,300,289	1,970,205	561,774	7,832,268	952,714
Net cash provided by (used in) operating activities	\$ (166,730)	\$ 2,243,005	\$ 558,836	\$ 2,635,111	\$ 1,031,941
Noncash Investing, Capital, and Financing Activities:					
Contributed depreciable assets, net of accumulated depreciation	\$ -	\$ 2,953,588	\$ -	\$ 2,953,588	\$ -

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

LINCOLN COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS JUNE 30, 2009

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 362,556
Total assets	<u>\$ 362,556</u>
Liabilities:	
Intergovernmental payable	\$ 362,556
Total liabilities	<u>\$ 362,556</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, 2009

I. Summary of Significant Accounting Policies

The accounting policies of Lincoln County and its component units conform to generally accepted accounting principles 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 they are legally separate from the County. The blended component units, although they are legally separate entities, are in substance, part of the County's operations.

Component Units

Blended Component Unit

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

Discretely Presented Component Unit

Lincoln County ABC Board

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

Lincoln County Industrial Facility and Pollution Control Financing Authority

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided are not eliminated in the process of consolidation. 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 displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating 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.

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).

School Capital Projects Fund - The School Capital Projects Fund is used to account for the construction and renovation of public schools.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The County reports the following nonmajor governmental funds:

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

The County reports all of its enterprise funds as major:

Lincoln County has the following Enterprise Funds: the Landfill Fund, the Water and Sewer Fund and the East Lincoln County Water and Sewer Fund. In addition, the Water and Sewer Capital 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 Fund – The Health Benefits Fund is used to account for the accumulation and allocation of costs associated with the County's health benefits.

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 HB 1779 Interest Fund, which accounts for collection of interest on delinquent motor vehicle taxes that is required to be remitted to the State; 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.

Measurement Focus, Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers 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 nonoperating 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 judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Lincoln County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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 revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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 assets 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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Special Revenue Funds, the Enterprise Funds, and the Internal Service Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Water and Sewer Capital Fund, which is an enterprise fund capital project. A project ordinance is also adopted for the General Capital Projects Fund and the School Capital Projects Fund, which are governmental fund capital projects. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund, the departmental level for the Special Revenue Fund and Enterprise Funds and at the object level for the Capital Project Funds.

The balances in the Capital Reserve Fund will be appropriated when transferred to a Capital Projects Fund in accordance with the project ordinance adopted for the reserve. The County Manager is authorized by the budget ordinance to transfer appropriations between departments within a fund up to \$50,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$50,000 must be approved by the governing board. During the year, some amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities and Fund Equity

1. Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by 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 SuperNOW accounts, money market accounts, and certificates of deposit.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

2. Cash and Cash Equivalents

The County pools money from several funds 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.

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2008. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

4. Allowances for Doubtful Accounts

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

5. Cash and Cash Equivalents, Restricted

The restricted cash in the General Fund represents the balance in a sinking fund required by a financing contract to construct schools.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

6. Capital Assets

Purchased or constructed capital assets are recorded at original cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are \$5,000 for all asset categories. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The County capitalizes interest costs which are incurred during the construction period of capital assets.

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

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

	<u>Years</u>
Buildings	25-50
Infrastructure	30-50
Furniture and office equipment	5-20
Equipment	7-15
Vehicles	6

7. Long-term Obligations

In the government-wide financial statements and in the 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 Assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. 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 net proceeds received, are reported as debt service expenditures.

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

8. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. In the County's governmental proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The County'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.

9. Net Assets / Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statutes.

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b) (16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved by State statute - portion of fund balance, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

Reserved for prepaids – portion of fund balance not available for appropriation because it represents the year-end fund balance of prepaids, which are not expendable, available resources

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Unreserved:

Undesignated – portion of total fund balance available for appropriation that is uncommitted at year-end.

E. Comparative Data/Reclassifications

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

F. Other

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.

II. Detail Notes on All Funds

A. Assets

1. 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 federal depository insurance coverage level are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by 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 with 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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2009, the County's deposits had a carrying amount of \$6,100,404 and a bank balance of \$8,502,061. Of the bank balance, \$517,584 was covered by federal depository insurance, and \$7,984,477 by collateral held under the Pooling Method.

At June 30, 2009, Lincoln County had \$2,875 cash on hand.

2. Investments

As of June 30, 2009, the County's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6</u>		
		<u>Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
NC Capital Management Trust- Cash Portfolio	\$ 48,127,364	N/A	N/A	N/A
NC Capital Management Trust- Term Portfolio	788,332	-	788,332	-
US Government Agencies	<u>327,832</u>	<u>327,832</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 49,243,528</u>	<u>\$ 327,832</u>	<u>\$ 788,332</u>	<u>\$ -</u>

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

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on specifically managing credit risk. As of June 30, 2009, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2009. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Concentration of Credit Risk. The County places no limit on the amount that the County may invest in any one issuer.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

3. Property Tax – Use-Value Assessment on Certain Lands

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

Year Levied	Tax	Interest	Total
2006	\$ 1,157,454	\$ 274,895	\$ 1,432,349
2007	1,178,711	173,859	1,352,570
2008	1,678,903	96,536	1,775,439
2009	1,715,008	-	1,715,008
Total	<u>\$ 5,730,076</u>	<u>\$ 545,290</u>	<u>\$ 6,275,366</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

4. Receivables

Receivables at the government-wide level, Exhibit A, at June 30, 2009 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,885,276	\$ 2,268,167	\$ 3,049,933	\$ 7,203,376
Other Governmental	47,724	219,137	100,861	367,722
Internal Service Fund	3,355	-	-	3,355
Total receivables	1,936,355	2,487,304	3,150,794	7,574,453
Allowance for doubtful accounts	(596,923)	(818,438)	-	(1,415,361)
 Total governmental activities	 <u>\$ 1,339,432</u>	 <u>\$ 1,668,866</u>	 <u>\$ 3,150,794</u>	 <u>\$ 6,159,092</u>
 Business-type Activities:				
Landfill	\$ 109,014	\$ 183,318	\$ 88,303	\$ 380,635
Water and Sewer	141,183	42,291	108,011	291,485
Total receivables	250,197	225,609	196,314	672,120
Allowance for doubtful accounts	(97,145)	(72,596)	-	(169,741)
 Total business-type activities	 <u>\$ 153,052</u>	 <u>\$ 153,013</u>	 <u>\$ 196,314</u>	 <u>\$ 502,379</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 2,074,120
Sales tax refund	166,299
Other Governmental agencies	1,106,689
	<u>\$ 3,347,108</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

5. Capital Assets

A summary of changes in the County's governmental capital assets is as follows:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2009</u>
By Asset Type:					
Nondepreciable Assets:					
Land	\$ 1,647,900	\$ 2,192,925	\$ -	\$ -	\$ 3,840,825
Construction in progress	5,963,139	1,097,789	(2,588,588)	(979,693)	3,492,647
Depreciable Assets:					
Buildings	21,016,286	1,102,017	-	-	22,118,303
Other improvements	3,501,787	7,110	-	-	3,508,897
Equipment	6,809,135	1,147,493	(162,845)	-	7,793,783
Vehicles and other equipment	6,244,188	1,146,114	(289,249)	-	7,101,053
	<u>45,182,435</u>	<u>6,693,448</u>	<u>(3,040,682)</u>	<u>(979,693)</u>	<u>47,855,508</u>
Less Accumulated Depreciation:					
Buildings	(7,134,433)	(454,297)	-	-	(7,588,730)
Other improvements	(729,578)	(165,028)	-	-	(894,606)
Equipment	(3,892,338)	(614,402)	129,331	-	(4,377,409)
Vehicles and other equipment	(4,314,142)	(801,646)	286,621	-	(4,829,167)
Total accumulated depreciation	<u>(16,070,491)</u>	<u>\$(2,035,373)</u>	<u>\$ 415,952</u>	<u>\$ -</u>	<u>(17,689,912)</u>
Capital assets, net	<u>\$ 29,111,944</u>				<u>\$ 30,165,596</u>

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

Governmental Activities:

General government	\$ 418,513
Public safety	1,154,078
Economic and physical development	24,929
Human services	313,967
Cultural and recreational	123,886
Total	<u>\$ 2,035,373</u>

Business-type Activities:

Landfill	\$ 438,204
Water and Sewer	2,038,517
Total	<u>\$ 2,476,721</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Proprietary Capital Assets

The capital assets of the Landfill Fund at June 30, 2009 are as follows:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u>
By Asset Type:				
Non-Depreciable Assets:				
Land	\$ 400,367	\$ -	\$ -	\$ 400,367
Depreciable Assets:				
Buildings and structures	590,143	-	-	590,143
Improvements	11,886,413	132,610	-	12,019,023
Machinery, equipment and vehicles	<u>4,949,450</u>	<u>900,795</u>	<u>-</u>	<u>5,850,245</u>
	<u>17,826,373</u>	<u>1,033,405</u>	<u>-</u>	<u>18,859,778</u>
Less Accumulated Depreciation:				
Buildings and structures	(160,238)	(11,933)	-	(172,171)
Improvements	(8,164,802)	(67,836)	-	(8,232,638)
Machinery, equipment and vehicles	<u>(3,152,172)</u>	<u>(358,435)</u>	<u>-</u>	<u>(3,510,607)</u>
Total accumulated depreciation	<u>(11,477,212)</u>	<u>\$ (438,204)</u>	<u>\$ -</u>	<u>(11,915,416)</u>
Capital assets, net	<u>\$ 6,349,161</u>			<u>\$ 6,944,362</u>

The capital assets of the Water and Sewer Fund at June 30, 2009 are as follows:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2009</u>
By Asset Type:					
Non-Depreciable Assets:					
Land	\$ 295,000	\$ 478,200	\$ -	\$ -	\$ 773,200
Construction in progress	5,841,012	2,174,250	(4,627,613)	-	3,387,649
Depreciable Assets:					
Buildings and structures	25,347,138	1,513,053	-	-	26,860,191
Improvements	239,030	-	-	-	239,030
Water and sewer lines	43,878,668	5,088,455	-	979,693	49,946,816
Machinery, equipment and vehicles	<u>4,023,182</u>	<u>147,938</u>	<u>(7,316)</u>	<u>-</u>	<u>4,163,804</u>
	<u>79,624,030</u>	<u>9,401,896</u>	<u>(4,634,929)</u>	<u>979,693</u>	<u>85,370,690</u>
Less Accumulated Depreciation:					
Buildings and structures	(6,288,205)	(537,860)	-	-	(6,826,065)
Improvements	(121,135)	(11,432)	-	-	(132,567)
Water and sewer lines	(9,882,764)	(1,259,899)	-	-	(11,142,663)
Machinery, equipment and vehicles	<u>(2,985,879)</u>	<u>(229,326)</u>	<u>7,316</u>	<u>-</u>	<u>(3,207,889)</u>
Total accumulated depreciation	<u>(19,277,983)</u>	<u>\$ (2,038,517)</u>	<u>\$ 7,316</u>	<u>\$ -</u>	<u>(21,309,184)</u>
Capital assets, net	<u>\$ 60,346,047</u>				<u>\$ 64,061,506</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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

B. Liabilities

1. Payables

Payables at the government-wide level, Exhibit A, at June 30, 2009 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General	\$ 947,554	\$ 610,181	\$ -	\$ 1,557,735
Other Governmental	1,333,313	-	-	1,333,313
Internal Service Fund	<u>525,056</u>	<u>-</u>	<u>-</u>	<u>525,056</u>
Total governmental activities	<u>\$ 2,805,923</u>	<u>\$ 610,181</u>	<u>\$ -</u>	<u>\$ 3,416,104</u>
Business-type Activities:				
Landfill	\$ 101,390	\$ 32,006	\$ -	\$ 133,396
Water and Sewer	<u>864,690</u>	<u>36,434</u>	<u>41,476</u>	<u>942,600</u>
Total business-type activities	<u>\$ 966,080</u>	<u>\$ 68,440</u>	<u>\$ 41,476</u>	<u>\$ 1,075,996</u>

2. Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. Lincoln County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.86% and 4.91%, respectively, of annual covered payroll. The contribution requirements of members and of Lincoln County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$1,142,031, \$1,066,891, and \$954,919, respectively. The contributions made by the County equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description

Lincoln County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Plan does not issue a separate stand-alone financial report.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>103</u>
Total	<u>110</u>

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.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The annual required contribution for the current year was determined as part of the December 31, 2007 actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both item (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

Annual Pension Cost and Net Pension Obligation

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

Employer annual required contribution	\$ 95,604
Interest on net pension obligation	27,942
Adjustment to annual required contribution	<u>(24,357)</u>
Annual pension cost	99,189
Employer contributions made for fiscal year ending 6/30/09	<u>81,511</u>
Increase (decrease) in net pension obligation	17,678
Net pension obligation - July 1	<u>385,404</u>
Net pension obligation - June 30	<u><u>\$ 403,082</u></u>

Three-Year Trend Information:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2007	\$ 79,636	91.25%	\$ 376,927
6/30/2008	90,610	90.64%	385,404
6/30/2009	99,189	82.18%	403,082

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was -0- percent funded. The actuarial accrued liability for benefits was \$869,632, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$869,632. The covered payroll (annual payroll of active employees covered by the plan) was \$4,058,323, and the ratio of the UAAL to the covered payroll was 21.43 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009 were \$237,679, which consisted of \$191,056 from the County and \$46,623 from the law enforcement officers.

Registers of Deeds' Supplemental Pension Fund

Plan Description. Lincoln County contributes to the Registers of Deeds' Supplemental Pension Fund ("Fund"), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any 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. The Register 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 Register 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, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven-percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$6,790.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Other Postemployment Benefits – Healthcare Benefits

Plan Description

According to a County resolution, Lincoln County provides post-retirement health care benefits to retirees of the County who have met the minimum criteria to retire with the Local Government Employees' Retirement System (LERS) and have at least twenty-five years of creditable service with the County. The County, as of June 30, 2009, pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. However, as of July 1, 2009, retirees must begin paying a portion of the costs, as will employees. This individual cost will thus change from \$0 to \$53.92 per month.

Currently, 71 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2009, the County made payments for post-retirement health benefit premiums of \$322,242. The County obtains health care coverage through private insurers, although the plan itself is largely a self-funded plan.

Membership of the Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	61	10
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	544	103
Total	605	113

Funding Policy

The County pays 100% of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. The County's members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 12.05% of annual covered payroll. For the current year, the County contributed \$322,242, or 1.36% of annual covered payroll. The County purchases insurance from a private carrier for health care coverage, although the plan itself is largely a self-funded plan. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 1.08% and 0.0029% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Summary of Significant Accounting Policies

Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	Governmental Activities	Business -Type Activities	Total
Annual required contribution	\$ 2,498,432	\$ 343,700	\$ 2,842,132
Interest on net OPEB obligation	-	-	-
Adjustments to annual required contribution	-	-	-
Annual OPEB cost (expense)	2,498,432	343,700	2,842,132
Contributions made	(290,923)	(31,319)	(322,242)
Increase (decrease) in net OPEB obligation	2,207,509	312,381	2,519,890
Net OPEB obligation, beginning of year	-	-	-
Net OPEB obligation, end of year	<u>\$ 2,207,509</u>	<u>\$ 312,381</u>	<u>\$ 2,519,890</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 2,842,132	11.3%	\$ 2,519,890

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Funding Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$25,534,872. The covered payroll (annual payroll of active employees covered by the plan) was \$23,588,521, and the ratio of the UAAL to the covered payroll was 108.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

As of June 30, 2009, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Other Employment Benefits

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. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the County made contributions to the State for death benefits of \$31,108. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.11% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

3. Closure and Postclosure Care Costs - Landfill Facility

The County's new landfill consists of Phases I through VIII and an area used for construction and debris (C&D) materials. Cells have been constructed in Phase I, II and III accordingly, along with the C&D area. State and federal 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 thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7,190,441 reported as landfill closure and postclosure care liability at June 30, 2009 represents a cumulative amount reported to-date based on the use of landfill capacity in the County's sanitary and C&D landfill sections. The sanitary landfill reported a cumulative amount of \$6,492,159 reported to date based on the use of 71.0 percent of Phase I through III's estimated capacity. The C&D portion reported a cumulative amount of \$698,282 reported to date based on the use of 41.0 percent of estimated capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$3,656,571 as the remaining estimated capacity is filled. Of this amount, \$2,651,727 is related to the remaining capacity in the sanitary landfill and \$1,004,844 is related to the C&D portion. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects to close Phases I through III in the year 2020 for the sanitary portion and 2020 for the C&D portion.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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

4. Deferred / Unearned Revenues

The balance in deferred or unearned revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2009 is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned (General)	\$ 156,874	\$ 156,874
Taxes receivable, net (General)	1,450,167	-
Other, (General)	123,485	-
Other, (Internal Service)	475,013	475,013
Taxes receivable, net (Special Revenue)	218,699	-
	<u>\$ 2,424,238</u>	<u>\$ 631,887</u>

5. 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, including floods. 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 insurance coverage equal to replacement cost values of owned property subject to a pool limit of \$250 million for any one occurrence, general liability coverage of \$2 million per occurrence, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$250 million each occurrence subject to the pool retention of aggregate annual losses in excess of \$750,000 per occurrence for property coverage, and single occurrence losses of \$750,000 for workers' compensation, up to \$2.5 million (excess carrier-County Re-Insurance). Safety National, reinsurer, takes the risk for any amount over \$2.5 million per occurrence, unlimited cap. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three years.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The County does not purchase flood insurance coverage through NFIP.

The County has obtained blanket crime coverage of \$250,000 covering all County employees. In addition, the County provides fidelity bonding for the finance director, tax collector, sheriff, register of deeds, and the county manager in amounts exceeding those required by State statutes.

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 incurred but not reported are considered a current liability and are included in accounts payable of the Health Benefits Fund (the Internal Service Fund).

Changes in the balances of claims liabilities during the past fiscal year are as follows:

	<u>2009</u>
Unpaid claims, beginning	\$ -
Incurred claims	4,582,245
Claim payments	<u>(4,057,232)</u>
Unpaid claims, ending	<u>\$ 525,013</u>

6. Claims and Judgments

At June 30, 2009, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

General Obligation Indebtedness

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

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The County's general obligation bonds at June 30, 2009 are comprised of the following individual issues:

Governmental Activities:

Governmental Funds

\$3,000,000 1998 School Building bonds due in annual installments of \$125,000 to \$400,000 through June 1, 2017; interest rates from 4.20% to 4.40%; interest payments due June 1 and December 1	\$ 1,750,000
\$8,510,000 1999 School Refunding bonds due in annual installments of \$285,000 to \$955,000 through June 1, 2013; interest rates from 3.50% to 4.30%; interest payments due June 1 and December 1	3,525,000
\$7,500,000 2000 School Building bonds due in annual installments of \$250,000 to \$1,000,000 through June 1, 2018; interest rates from 5.00% to 5.20%; interest payments due June 1 and December 1; Partially refunded October 1, 2005. Final payment due 2010; interest at 5.10%	250,000
\$19,500,000 2002 School Building bonds due in annual installments of \$600,000 to \$2,400,000 through June 1, 2020; interest rates from 4.25% to 4.75%; interest payments due June 1 and December 1	15,300,000
\$9,000,000 2002A School Building bonds due in annual installments of \$400,000 to \$1,050,000 through June 1, 2021; interest rates from 3.00% to 5.00%; interest payments due June 1 and December 1	6,600,000

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Governmental Activities:

Governmental Funds

\$3,000,000 1998 School Building bonds due in annual installments of \$125,000 to \$400,000 through June 1, 2017; interest rates from 4.20% to 4.40%; interest payments due June 1 and December 1 \$ 1,750,000

\$8,510,000 1999 School Refunding bonds due in annual installments of \$285,000 to \$955,000 through June 1, 2013; interest rates from 3.50% to 4.30%; interest payments due June 1 and December 1 3,525,000

\$7,500,000 2000 School Building bonds due in annual installments of \$250,000 to \$1,000,000 through June 1, 2018; interest rates from 5.00% to 5.20%; interest payments due June 1 and December 1; Partially refunded October 1, 2005. Final payment due 2010; interest at 5.10% 250,000

\$19,500,000 2002 School Building bonds due in annual installments of \$600,000 to \$2,400,000 through June 1, 2020; interest rates from 4.25% to 4.75%; interest payments due June 1 and December 1 15,300,000

\$9,000,000 2002A School Building bonds due in annual installments of \$400,000 to \$1,050,000 through June 1, 2021; interest rates from 3.00% to 5.00%; interest payments due June 1 and December 1 6,600,000

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

General Obligation Indebtedness (continued)

Governmental Activities:

Governmental Funds

\$5,107,034 2004 School Refunding bonds due in annual installments of \$370,751 to \$996,854 through June 1, 2011; interest rates from 3.00% to 5.00%; interest payments due June 1 and December 1	\$ 756,234
\$17,000,000 2004 School Building bonds due in annual installments of \$725,000 to \$2,100,000 through June 1, 2023; interest rates from 3.00% to 4.25%; interest payments due June 1 and December 1	14,100,000
\$9,795,000 2005 School Refunding bonds due in annual installments of \$205,000 to \$1,395,000 through June 1, 2018; interest rates from 4.00% to 5.00%; interest payments due June 1 and December 1	8,585,000
\$28,000,000 2005 School Building bonds due in annual installments of \$1,200,000 to \$3,250,000 through June 1, 2024; interest rates from 3.25% to 4.25%; interest payments due June 1 and December 1	24,400,000
\$15,000,000 2008 Schools Building bonds due in annual installments of \$600,000 to \$1,650,000 through June 1, 2027; interest rates from 4.25% to 6.25%; interest payments due June 1 and December 1	15,000,000
\$4,200,000 2008 Public Improvement bonds, due in annual installments of \$200,000 to \$350,000 through June 1, 2027; interest rates from 4.0% to 6.0%; interest payments due June 1 and December 1	<u>4,200,000</u>
Total serviced by governmental activities	<u>\$ 94,466,234</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

General Obligation Indebtedness (continued)

Business-Type Activities:

Proprietary Funds

Water and Sewer Fund

\$1,590,000 2003A Water Refunding bonds due in annual installments of \$65,000 to \$220,000 through June 1, 2012; interest rates from 2.00% to 3.25%; interest payments due June 1 and December 1

\$ 410,000

\$5,292,966 2004 Water Refunding bonds due in annual installments of \$384,249 to \$1,033,146 through June 1, 2011; interest rates from 3.00% to 5.00%; interest payments due June 1 and December 1

783,766

East Lincoln County Water and Sewer District

\$1,600,000 1998 Sanitary Sewer bonds due in annual installments of \$25,000 to \$150,000 through June 1, 2019; interest rates from 4.60% to 4.75%; interest payments due June 1 and December 1

850,000

\$5,520,000 2004 Sanitary Sewer Refunding bonds due in annual installments of \$75,000 to \$540,000 through June 1, 2017; interest rates from 2.00% to 3.40%; interest payments due June 1 and December 1

3,520,000

Total serviced by business-type activities

5,563,766

Total general obligation bonds

\$ 100,030,000

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

General Obligation Indebtedness (continued)

Annual debt service requirements to maturity for the County's and the District's general obligation bonds are as follows:

Governmental Activities:

Governmental Funds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 5,980,483	\$ 4,252,207	\$ 10,232,690
2011	5,940,751	4,001,885	9,942,636
2012	5,975,000	3,761,840	9,736,840
2013	5,965,000	3,522,238	9,487,238
2014	5,970,000	3,277,470	9,247,470
2015-2019	29,885,000	12,441,700	42,326,700
2020-2024	28,750,000	5,617,044	34,367,044
2025-2027	6,000,000	665,550	6,665,550
	<u>\$ 94,466,234</u>	<u>\$ 37,539,934</u>	<u>\$ 132,006,168</u>

Business-Type Activities:

Water and Sewer Fund

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 574,517	\$ 44,239	\$ 618,756
2011	554,249	23,008	577,257
2012	65,000	2,113	67,113
	<u>\$ 1,193,766</u>	<u>\$ 69,360</u>	<u>\$ 1,263,126</u>

East Lincoln County Water and Sewer District

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 575,000	\$ 146,420	\$ 721,420
2011	565,000	130,158	695,158
2012	555,000	113,320	668,320
2013	540,000	95,358	635,358
2014	530,000	76,683	606,683
2015-2019	1,605,000	133,192	1,738,192
	<u>\$ 4,370,000</u>	<u>\$ 695,131</u>	<u>\$ 5,065,131</u>

Total general obligation bonds	<u>\$ 100,030,000</u>	<u>\$ 38,304,425</u>	<u>\$ 138,334,425</u>
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LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

\$5,000,000 State Clean Water Loan

In August 1995, the East Lincoln County Water and Sewer District entered into a loan agreement with the State of North Carolina Department of Environment, Health and Natural Resources. The District was approved for a loan of \$5,000,000 from the Clean Water Direct Bond Loan Program which financed the cost of construction of wastewater sewers, pump stations, force mains and a wastewater treatment facility. The loan calls for 20 annual installments of \$250,000 due on May 1 with interest payments due May 1 and November 1. The loan is being carried in the East Lincoln County Water and Sewer District Fund. The balance of the loan at June 30, 2009 is \$2,000,000.

State Clean Water Direct Bond Loan debt service requirements to maturity are as follows:

Business-Type Activities:

East Lincoln Water and Sewer District

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 250,000	\$ 68,600	\$ 318,600
2011	250,000	60,025	310,025
2012	250,000	51,450	301,450
2013	250,000	42,875	292,875
2014	250,000	34,300	284,300
2015-2017	750,000	51,450	801,450
	<u>\$ 2,000,000</u>	<u>\$ 308,700</u>	<u>\$ 2,308,700</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Installment Purchases

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, 2009 are comprised of the following individual agreements:

Governmental Activities:

General Fund:

\$600,000 2001 contract for construction of economic development sewer line due in semi-annual installments of \$30,000 plus interest at 4.69% through May 11, 2011	\$ 120,000
\$12,199,719 2003 Certificates of Participation (COPS) issued to refund installment purchase contracts for jail, social services, and library buildings as well as \$2,700,000 additional funds for school construction; due in annual installments from \$164,552 to \$1,215,858 through May 15, 2018; interest rates from 2.00% to 4.50%; interest payments due November 15 and May 15	4,548,042
\$780,000 2005 contract for computer system for sheriff's department due in monthly installment payments of \$14,309 including interest at 3.21% through May 29, 2010	154,898
\$2,000,000 2005 Qualified Zone Academy installment purchase contract for school building improvements due September 15, 2021. The contract requires fifteen annual sinking fund installments of \$104,315 to be invested. If investment earnings do not result as projected, the County will pay the the amount required for the total funds to equal \$2,000,000 on September 15, 2021.	2,000,000
\$19,645,000 2006 Certificates of Participation (COPS) issued to construct a new middle school; due in annual installments from \$980,000 to \$985,000 through June 1, 2027; interest rates from 4.00% to 5.00%; interest payments due December 1 and June 1	17,675,000
\$109,002 2007 contract for EMS equipment, due in five annual installment payments of \$24,055, including interest at 4.85% through September 1, 2011.	65,578
\$1,650,000 2008 State Revolving Loan issued for water source protection and pasive park; due in annual installments of \$82,500 through May 1, 2028; interest at 1.00%; interest payments due November 1 and May 1	1,567,500

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Governmental Activities (continued)

\$140,000 2009 contract for law enforcement vehicles due in monthly installments of \$4,093 including interest at 3.35% through January 2012 \$ 121,386

Total governmental activities 26,252,404

Business-Type Activities:

Water and Sewer Fund:

\$1,145,281 2003 Certificates of Participation (COPS) issued to refund installment purchase contract for water plant sludge de-watering project; due in annual installments from \$15,448 to \$128,732 through May 15, 2018; interest rates from 2.00% to 4.50%; interest payments due November 15 and May 15 \$ 426,958

\$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 1 296,276

\$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 1 397,976

\$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 2,025,059

Landfill Fund:

\$430,000 contract for landfill equipment, due in monthly installments of \$7,891 including interest at 3.225% through January 2014 402,950

Total business-type activities 3,549,219

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The future minimum payments as of June 30, 2009 for the installment purchase contracts are as follows:

Governmental Activities:

Governmental Funds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,720,229	\$ 1,040,746	\$ 3,760,975
2011	2,101,684	937,776	3,039,460
2012	1,539,278	854,200	2,393,478
2013	1,488,022	787,431	2,275,453
2014	1,478,881	721,797	2,200,678
2015-2019	6,341,810	2,704,923	9,046,733
2020-2024	7,312,500	1,381,275	8,693,775
2025-2028	3,270,000	272,850	3,542,850
	<u>\$ 26,252,404</u>	<u>\$ 8,700,998</u>	<u>\$ 34,953,402</u>

Business-Type Activities:

Water and Sewer Fund

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 317,139	\$ 89,127	\$ 406,266
2011	273,370	78,965	352,335
2012	227,885	70,556	298,441
2013	227,885	64,112	291,997
2014	227,027	57,639	284,666
2015-2019	1,037,730	194,439	1,232,169
2020-2024	835,233	62,389	897,622
	<u>\$ 3,146,269</u>	<u>\$ 617,227</u>	<u>\$ 3,763,496</u>

Landfill Fund

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 82,915	\$ 11,777	\$ 94,692
2011	85,629	9,063	94,692
2012	88,432	6,260	94,692
2013	91,326	3,365	94,691
2014	54,648	589	55,237
	<u>\$ 402,950</u>	<u>\$ 31,054</u>	<u>\$ 434,004</u>
Total business-type activities	<u>\$ 3,549,219</u>	<u>\$ 648,281</u>	<u>\$ 4,197,500</u>
Total installment purchase contracts	<u>\$ 29,801,623</u>	<u>\$ 9,349,279</u>	<u>\$ 39,150,902</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

A summary of changes in long-term obligations follows:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2009</u>	<u>Current Portion</u>
Governmental Activities:					
General obligation bonds	\$ 80,473,856	\$ 19,200,000	\$ 5,207,622	\$ 94,466,234	\$ 5,980,483
Installment purchases	27,126,921	1,790,000	2,664,517	26,252,404	2,720,229
Unfunded pension obligation	385,404	99,189	81,511	403,082	-
Other postemployment benefits	-	2,498,432	290,923	2,207,509	-
Compensated absences	<u>1,411,753</u>	<u>901,621</u>	<u>772,410</u>	<u>1,540,964</u>	<u>154,000</u>
Total	<u>\$ 109,397,934</u>	<u>\$ 24,489,242</u>	<u>\$ 9,016,983</u>	<u>\$ 124,870,193</u>	<u>\$ 8,854,712</u>
Business-Type Activities:					
General obligation bonds	\$ 6,891,144	\$ -	\$ 1,327,378	\$ 5,563,766	\$ 1,149,517
Premium on long-term debt	58,301	-	58,301	-	-
State Bond loan	2,250,000	-	250,000	2,000,000	250,000
Installment purchases	3,459,975	430,000	340,756	3,549,219	400,054
Compensated absences	161,063	67,676	64,837	163,902	16,400
Other postemployment benefits	-	343,700	31,319	312,381	-
Accrued landfill closure/ postclosure care costs	<u>5,006,671</u>	<u>2,183,770</u>	<u>-</u>	<u>7,190,441</u>	<u>-</u>
Total	<u>\$ 17,827,154</u>	<u>\$ 3,025,146</u>	<u>\$ 2,072,591</u>	<u>\$ 18,779,709</u>	<u>\$ 1,815,971</u>

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2009, Lincoln County had a legal debt margin of \$558,501,821.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The County's net assets invested in capital assets, net of related debt, for governmental activities at June 30, 2009 is calculated as follows:

Land and CIP	\$ 7,333,472
Other capital assets, net	<u>22,832,124</u>
Total governmental capital assets	<u>30,165,596</u>

Less non-school related debt:

\$600,000 2001 sewer line - economic development	120,000
2003 COPs (22% schools, 78% non-school related)	3,547,473
\$780,000 2005 computer system (sheriff dept)	154,898
\$109,002 2007 EMS equipment	65,578
\$1,650,000 revolving loan	1,567,500
\$140,000 2009 law enforcement vehicles	<u>121,386</u>
Total non-school related debt	<u>5,576,835</u>

Invested in capital assets, net of related debt	<u><u>\$ 24,588,761</u></u>
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Conduit Debt Obligations

Lincoln County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2009, there were two series of industrial revenue bonds outstanding, with an aggregate principal amount payable of approximately \$6,895,000.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

C. Interfund Balances and Activity

	<u>Receivable</u>	<u>Payable</u>
Due To / Due From:		
General Fund	\$ 50,250	\$ -
Enterprise (Water and Sewer) Fund	-	21,736
Enterprise (Landfill) Fund	-	32,193
 General Capital Projects Fund	25,000	-
Special Revenue (Capital Reserve) Fund	495,074	-
Internal Service Fund	2,406	-
Enterprise (Water and Sewer) Fund	26,205	-
Enterprise (Landfill) Fund	17,018	-
General Fund	<u>-</u>	<u>562,024</u>
 Totals	<u>\$ 615,953</u>	<u>\$ 615,953</u>

Amounts were primarily due to the allocation of activity between the governmental and business-type activities and resources utilized for capital outlay from the capital reserve funds.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

		Transfers	
	From	To	Purpose
Transfers From / To Other Funds:			
Special Revenue (Capital Reserve) Fund	\$ 4,551,615	\$ -	- Debt service transfer
Special Revenue (Emergency Telephone) Fund	394,811		- To company with change in law
Enterprise (Water and Sewer) Fund	1,195,290		- Debt written off
General Fund	-	6,141,716	
General Fund	5,308,678	-	
Special Revenue (Capital Reserve) Fund	-	3,380,223	Local option sales tax transfer
Capital Project (General Capital) Fund	-	1,928,455	Resources for construction
School Capital Projects Fund	2,980,719	-	
Enterprise (Water & Sewer Capital) Fund	-	1,300,000	Resources for construction
Special Revenue (Capital Reserve) Fund	-	1,680,719	Payment on bond interest
Enterprise (E. Lincoln Water and Sewer) Fund	-	1,773,295	Debt service transfer
Enterprise (Water and Sewer) Fund	<u>1,773,295</u>	<u>-</u>	
Total transfers - interfund	<u>\$ 16,204,408</u>	<u>\$ 16,204,408</u>	

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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. Based on prior experience, management believes such disallowances, if any, will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

IV. Related Organization

Lincoln Medical Center, Inc.

Lincoln Medical Center, Inc. is a public hospital operated by a not-for-profit corporation. The County confirms the appointment of the board of trustees for the hospital; however, the County is not financially accountable for the hospital. The County has also issued revenue bonds for improvement of the hospital's facilities. The proceeds of the bonds were used to renovate existing hospital facilities, construct additional hospital facilities and purchase medical equipment. Since a reorganization of the hospital as a 501 c (3) organization, sufficient funds have been placed with an escrow agent to retire the existing revenue bonds as they become due. As part of the reorganization, the hospital obtained additional financing in order to renovate existing hospital facilities and to construct an addition to the hospital. If the hospital should default on the bonds, the County could assume operation of the hospital or contact with another party to manage the hospital. The County is in no way obligated for any debt issued by the hospital.

V. Joint Venture

The County, in conjunction with Gaston and Cleveland Counties, participates in the Gaston/Lincoln/Cleveland Mental Health, Development Disabilities, and Substance Abuse Authority (dba Pathways). Pathways is governed by a 16-member board of directors (5 from Gaston County, 5 from Lincoln County and 6 from Cleveland County). The board of commissioners of each county appoints one of its own members to the Authority's board. Each of those board members in turn appoints the additional members of the Pathways' board and these appointees, in consultation with the other commissioners, appoint the balance of the members from his/her respective county. Pathways 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 three county area. Pathways receives the majority of its financial support through State and Federal 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, 2009 provided \$359,589 in support of Pathways' services. Additionally, the County remitted \$13,531 to Pathways from alcohol rehabilitation tax. The County does not have an equity interest in Pathways; therefore, no equity interest has been reflected in the financial statements at June 30, 2009. Complete financial statements for Pathways may be obtained from Pathways' administrative offices at 901 South New Hope Road, Gastonia, N.C. 28054.

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

VI. Jointly Governed Organization

The County, in conjunction with seven other counties and fifty municipalities, established the Centralina Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$19,965 to the Council during the fiscal year ended June 30, 2009.

The County's Board of Commissioners appoints two of the Gaston College trustees. The County provided funding of \$135,406 for operations for the year ended June 30, 2009.

The County's Board of Commissioners appoints one of the Lake Norman Commission Board of Directors. The County provided funding of \$25,500 for the year ended June 30, 2009.

The County's Board of Commissioners appoints one of the Mountain Island Lake Commission Board of Directors. The County provided funding of \$2,000 for the year ended June 30, 2009.

VII. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Food Stamp Program	\$ 10,863,671	\$ -
Medical Assistance	54,074,419	20,757,914
Temporary Assistance to Needy Families	379,299	-
Child Care TANF	299,676	-
Low Income Energy Assistance	334,580	-
State/County Domiciliary Care	-	552,579
Special Supplemental Food Program for Women, Infants, and Children	1,098,794	-
IV-E Foster Care	146,851	28,102
IV-E Adoption Subsidy	280,143	52,962
CWS Adoption Subsidy	-	225,402
State Foster Home	-	75,399
	<u> </u>	<u> </u>
Totals	<u>\$ 67,477,433</u>	<u>\$ 21,692,358</u>

LINCOLN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

VIII. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2009, expenditures exceeded the authorized appropriations made by the governing board as follows:

Water and Sewer Fund - Total Debt Service \$82,901

Corrective Action Plan

Management will more closely monitor budget to ensure that expenditures do not exceed authorized appropriations made by the governing board.

Deficit Fund Balance or Net Assets of Individual Funds

The following fund had deficit net assets at June 30, 2009:

East Lincoln County Water and Sewer Fund - \$4,775,698

Corrective Action Plan

Deficit will be eliminated with future revenues and payment of long-term debt. The fund is generating sufficient revenues to service debt. Operations were consolidated with the County Water and Sewer Fund effective July 1, 2007.

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LINCOLN COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2009

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percent of Covered Payroll ((B-A)/C)
12/31/1999	\$ -	\$ 220,986	\$ 220,986	0.00%	\$ 1,802,673	12.26%
12/31/2000*	-	398,302	398,302	0.00%	1,849,314	21.54%
12/31/2001	-	447,581	447,581	0.00%	1,992,579	22.46%
12/31/2002	-	475,846	475,846	0.00%	2,262,143	21.04%
12/31/2003	-	513,461	513,461	0.00%	2,352,389	21.83%
12/31/2004	-	588,436	588,436	0.00%	2,478,805	23.74%
12/31/2005	-	608,490	608,490	0.00%	2,811,077	21.65%
12/31/2006	-	715,478	715,478	0.00%	3,085,211	23.19%
12/31/2007	-	757,181	757,181	0.00%	3,484,225	21.73%
12/31/2008	-	869,632	869,632	0.00%	4,058,323	21.43%

*Reflects Changes in Actuarial Assumptions

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed	Net Pension Obligation End of Year
2001	\$ 37,089	0.00%	\$ 144,824
2002	56,002	7.45%	196,655
2003	60,937	18.21%	246,495
2004	66,340	23.88%	296,992
2005	71,493	39.48%	340,256
2006	78,612	62.22%	369,959
2007	79,636	91.25%	376,927
2008	90,610	90.64%	385,404
2009	95,604	85.26%	403,082

Notes to the Required Schedules:

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

Valuation date	12/31/07
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 years
Asset valuation method	Market value

Actuarial Assumptions:

Investment rate of return*	7.25%
Projected salary increases*	4.5% - 12.3%
*Includes inflation at	3.75%
Cost of living adjustments	N/A

LINCOLN COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2009

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 25,534,872	\$ 25,534,872	0%	\$ 23,588,521	108.3%

Schedule of Employer Contributions

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2009	\$2,842,132	11.34%

Notes to the Required Schedules:

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

Additional information as of the latest valuation follows:

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	10.50% - 5.00%
Year of Ultimate trend rate	2016
*Includes inflation at	3.75%

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Revenues:				
Ad Valorem Taxes:	\$ 46,511,148	\$ 47,858,134	\$ 1,346,986	\$ 39,560,720
Total	46,511,148	47,858,134	1,346,986	39,560,720
Local Option Sales Taxes:				
Article 39 one percent	5,731,320	5,176,512	(554,808)	5,694,697
Article 40 one-half of one percent	3,519,540	3,494,270	(25,270)	3,783,126
Article 42 one-half of one percent	3,547,855	3,466,986	(80,869)	3,758,262
Article 44 one-half of one percent	1,907,000	1,662,783	(244,217)	2,906,540
Medicaid hold harmless	-	2,587	2,587	217,776
Total	14,705,715	13,803,138	(902,577)	16,360,401
Other Taxes and Licenses:				
Real estate transfer tax	810,000	514,599	(295,401)	1,005,843
Local occupancy tax & car rental tax	85,000	66,118	(18,882)	81,973
Utility franchise tax	220,000	321,802	101,802	318,899
Total	1,115,000	902,519	(212,481)	1,406,715
Unrestricted Intergovernmental Revenues:				
Beer and wine tax	289,000	290,692	1,692	291,785
Tax refunds - sales and gasoline	185,000	166,299	(18,701)	181,087
Total	474,000	456,991	(17,009)	472,872
Restricted Intergovernmental Revenues:				
Federal and state grants	10,352,522	9,823,473	(529,049)	8,481,288
Court facilities fees	180,000	147,462	(32,538)	177,734
ABC revenue	45,420	51,448	6,028	39,587
Total	10,577,942	10,022,383	(555,559)	8,698,609
Permits and Fees:				
Inspection department	1,672,286	841,711	(830,575)	1,615,699
Sheriff department	160,775	191,931	31,156	146,363
Soil and Water conservation	24,000	10,800	(13,200)	23,350
Emergency management	19,500	8,992	(10,508)	6,671
Register of Deeds	437,500	406,683	(30,817)	465,362
Total	2,314,061	1,460,117	(853,944)	2,257,445

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Sales and Services:				
Rents, concessions and fees	1,023,360	1,387,298	363,938	832,359
Ambulance fees	2,532,311	3,046,148	513,837	2,237,062
Animal control	51,650	67,120	15,470	34,989
Jail fees	128,000	158,267	30,267	122,534
Social Services	3,564,563	1,772,054	(1,792,509)	2,246,854
Health department	1,675,375	1,248,700	(426,675)	1,318,247
Collection fees - special tax districts and City of Lincolnton	220,550	220,363	(187)	239,193
Soil and water conservation	110,000	12,000	(98,000)	86,650
Total	9,305,809	7,911,950	(1,393,859)	7,117,888
Investment Earnings	725,000	377,044	(347,956)	1,040,938
Miscellaneous:				
Sale of property	30,000	16,206	(13,794)	6,679
Contributions	23,000	33,901	10,901	35,784
Other	540,638	751,735	211,097	819,698
Total	593,638	801,842	208,204	862,161
Total revenues	86,322,313	83,594,118	(2,728,195)	77,777,749
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	94,376	91,152	3,224	83,055
Other operating expenditures	111,945	102,505	9,440	98,277
Total	206,321	193,657	12,664	181,332
Administration and Finance:				
Salaries and employee benefits	815,628	737,346	78,282	715,362
Other operating expenditures	148,444	143,829	4,615	115,882
Overhead allocated to other funds	(212,061)	(212,061)	-	(218,007)
Total	752,011	669,114	82,897	613,237
Data Processing:				
Salaries and employee benefits	368,672	357,713	10,959	322,895
Other operating expenditures	151,891	117,347	34,544	139,339
Total	520,563	475,060	45,503	462,234

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Elections:				
Salaries and employee benefits	289,061	259,843	29,218	240,726
Special compensation	13,600	9,205	4,395	10,600
Other operating expenditures	147,401	87,985	59,416	103,479
Total	450,062	357,033	93,029	354,805
Taxes:				
Salaries and employee benefits	575,709	551,785	23,924	541,505
Other operating expenditures	336,257	320,644	15,613	307,955
Tax mapping	483,925	403,358	80,567	358,109
Tax revaluation	477,180	427,454	49,726	398,742
Capital outlay	-	-	-	25,458
Total	1,873,071	1,703,241	169,830	1,631,769
Legal:				
Other operating expenditures	176,629	160,408	16,221	139,330
Total	176,629	160,408	16,221	139,330
Register of Deeds:				
Salaries and employee benefits	431,583	401,822	29,761	396,525
Other operating expenditures	604,346	402,368	201,978	564,305
Capital outlay	26,500	5,949	20,551	67,462
Total	1,062,429	810,139	252,290	1,028,292
Central Services:				
Salaries and employee benefits	339,609	303,543	36,066	283,114
Other operating expenditures	82,201	84,513	(2,312)	148,508
Total	421,810	388,056	33,754	431,622
Public Buildings:				
Salaries and employee benefits	625,812	614,835	10,977	670,877
Other operating expenditures	786,191	721,429	64,762	855,066
Total	1,412,003	1,336,264	75,739	1,525,943
Court Facilities:				
Other operating expenditures	105,073	37,356	67,717	120,171
Total	105,073	37,356	67,717	120,171

LINCOLN COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Special Grants:				
Mass transit	52,057	47,718	4,339	52,066
Forestry program	57,833	46,441	11,392	45,557
National Guard	3,000	3,000	-	3,000
Lake Norman Marine Commission	25,500	25,500	-	25,500
Lake Norman RPO	4,000	-	4,000	3,184
Regional Council of Government	19,965	19,965	-	18,773
West/East Lincoln Rescue Squads	159,750	150,073	9,677	145,703
Miscellaneous grants	107,000	107,000	-	51,200
Airport Authority	77,141	77,141	-	70,241
Council on Aging	-	-	-	(449)
Arts Council	8,500	8,500	-	7,800
Mainstreet Program	12,000	12,000	-	11,700
Cultural Development Center	33,650	33,650	-	32,400
Chamber of Commerce	17,500	17,500	-	16,000
Mountain Island Commission	2,000	2,000	-	1,920
Total	579,896	550,488	29,408	484,595
Total general government	7,559,868	6,680,816	879,052	6,973,330
Public Safety:				
Sheriff Department:				
Salaries and employee benefits	6,150,284	6,090,681	59,603	5,758,463
Other operating expenditures	1,260,237	1,057,104	203,133	1,067,603
Capital outlay	-	-	-	283,769
Total	7,410,521	7,147,785	262,736	7,109,835
Jail:				
Salaries and employee benefits	1,902,961	1,869,721	33,240	1,797,997
Other operating expenditures	912,711	832,576	80,135	862,524
Capital outlay	75,575	74,530	1,045	96,694
Total	2,891,247	2,776,827	114,420	2,757,215
Communications:				
Salaries and employee benefits	1,040,337	1,011,962	28,375	844,795
Other operating expenditures	251,199	252,448	(1,249)	214,530
Total	1,291,536	1,264,410	27,126	1,059,325

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Emergency Management:				
Salaries and employee benefits	314,234	296,260	17,974	265,631
Other operating expenditures	317,491	290,690	26,801	133,839
Capital outlay	37,662	36,558	1,104	-
Total	669,387	623,508	45,879	399,470
Ambulance Services:				
Salaries and employee benefits	3,976,587	3,598,312	378,275	3,585,154
Other operating expenditures	1,116,000	1,009,967	106,033	1,025,875
Capital outlay	-	-	-	117,739
Total	5,092,587	4,608,279	484,308	4,728,768
Assistance to local volunteer fire departments	95,657	93,435	2,222	96,002
Planning and Inspections:				
Salaries and employee benefits	1,232,323	1,217,842	14,481	1,293,099
Other operating expenditures	337,608	307,992	29,616	329,312
Capital outlay	12,632	-	12,632	38,669
Total	1,582,563	1,525,834	56,729	1,661,080
Medical Examiner:				
Contracted services	50,180	39,256	10,924	31,100
Total	50,180	39,256	10,924	31,100
Animal Control:				
Salaries and employee benefits	418,065	399,929	18,136	354,620
Other operating expenditures	190,928	167,068	23,860	114,753
Total	608,993	566,997	41,996	469,373
Total public safety	19,692,671	18,646,331	1,046,340	18,312,168
Economic and Physical Development:				
Cooperative extension:				
Salaries and employee benefits	53,950	51,249	2,701	50,496
Other operating expenditures	39,912	24,751	15,161	28,084
Contracted services	175,422	172,995	2,427	165,370
Total	269,284	248,995	20,289	243,950

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Economic Development Commission/Projects:				
Other operating expenditures	1,798,041	1,653,894	144,147	1,366,308
Total	1,798,041	1,653,894	144,147	1,366,308
Soil and Water Conservation:				
Salaries and employee benefits	214,337	208,860	5,477	199,804
Other operating expenditures	89,584	88,377	1,207	33,163
Capital outlay	-	15,000	(15,000)	23,536
Total	303,921	312,237	(8,316)	256,503
Community Development Block Grant:				
Contracted services-CDBG grant	400,000	345,700	54,300	24,540
Total	400,000	345,700	54,300	24,540
Total economic and physical development	2,771,246	2,560,826	210,420	1,891,301
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	563,221	575,547	(12,326)	532,189
Special compensation	1,320	960	360	1,280
Other operating expenditures	195,425	148,291	47,134	207,454
Capital outlay	-	-	-	16,674
Total	759,966	724,798	35,168	757,597
Immunization:				
Salaries and employee benefits	55,224	53,071	2,153	51,325
Other operating expenditures	71,146	34,732	36,414	67,986
Total	126,370	87,803	38,567	119,311
Adult Health:				
Salaries and employee benefits	107,654	103,443	4,211	101,018
Other operating expenditures	5,520	757	4,763	1,464
Total	113,174	104,200	8,974	102,482
BCCP-Health:				
Salaries and employee benefits	10,424	8,699	1,725	14,959
Other operating expenditures	40,206	38,646	1,560	40,735
Total	50,630	47,345	3,285	55,694

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Wise Woman:				
Salaries and employee benefits	12,137	8,698	3,439	14,958
Other operating expenditures	1,338	-	1,338	(142)
Total	13,475	8,698	4,777	14,816
Communicable Disease:				
Salaries and employee benefits	53,282	50,810	2,472	51,708
Other operating expenditures	11,235	5,108	6,127	4,626
Total	64,517	55,918	8,599	56,334
Lab:				
Salaries and employee benefits	96,621	92,998	3,623	92,274
Other operating expenditures	104,556	88,958	15,598	88,956
Total	201,177	181,956	19,221	181,230
Teen Tobacco Use Prevention:				
Other operating expenditures	-	703	(703)	-
Total	-	703	(703)	-
Healthy Carolinians II:				
Other operating expenditures	10,000	1,129	8,871	-
Total	10,000	1,129	8,871	-
Family Planning:				
Salaries and employee benefits	90,104	90,772	(668)	120,655
Other operating expenditures	79,044	72,003	7,041	37,880
Capital outlay	-	-	-	13,225
Total	169,148	162,775	6,373	171,760
Maternal Health:				
Salaries and employee benefits	167,787	173,357	(5,570)	155,615
Other operating expenditures	25,633	18,034	7,599	32,914
Total	193,420	191,391	2,029	188,529
Child Health:				
Salaries and employee benefits	110,890	76,974	33,916	70,271
Other operating expenditures	15,270	8,044	7,226	9,517
Total	126,160	85,018	41,142	79,788

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Home Health Services:				
Salaries and employee benefits	740,296	705,562	34,734	699,195
Contracted services	216,000	210,583	5,417	185,822
Other operating expenditures	216,253	190,634	25,619	181,767
Total	1,172,549	1,106,779	65,770	1,066,784
Weight Wise:				
Salaries and employee benefits	6,500	-	6,500	-
Operating expenditures	3,900	135	3,765	-
Total	10,400	135	10,265	-
Healthy Carolinians:				
Other operating expenditures	5,727	899	4,828	6,445
Total	5,727	899	4,828	6,445
Maternal Care Coordination:				
Salaries and employee benefits	150,781	147,948	2,833	106,817
Other operating expenditures	6,948	4,344	2,604	6,955
Total	157,729	152,292	5,437	113,772
Child Service Coordination:				
Salaries and employee benefits	135,581	133,324	2,257	159,665
Other operating expenditures	9,487	2,773	6,714	7,914
Total	145,068	136,097	8,971	167,579
School Health:				
Salaries and employee benefits	397,902	392,972	4,930	366,378
Other operating expenditures	48,214	36,684	11,530	38,655
Total	446,116	429,656	16,460	405,033
Dental Health:				
Other operating expenditures	-	-	-	86
Total	-	-	-	86
Women, Infants, and Children:				
Salaries and employee benefits	204,173	202,089	2,084	153,771
Other operating expenditures	13,030	28,842	(15,812)	18,953
Total	217,203	230,931	(13,728)	172,724

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Day Care Grant:				
Salaries and employee benefits	51,907	50,010	1,897	47,816
Other operating expenditures	6,584	7,814	(1,230)	4,229
Total	58,491	57,824	667	52,045
Nutrition:				
Salaries and employee benefits	89,139	86,163	2,976	94,625
Other operating expenditures	2,750	-	2,750	194
Total	91,889	86,163	5,726	94,819
Environmental Health:				
Salaries and employee benefits	503,813	508,947	(5,134)	483,883
Other operating expenditures	76,871	70,894	5,977	82,529
Capital outlay	2,500	26,965	(24,465)	18,920
Total	583,184	606,806	(23,622)	585,332
Health Promotion:				
Salaries and employee benefits	47,818	47,262	556	41,818
Other operating expenditures	9,094	12,354	(3,260)	7,762
Total	56,912	59,616	(2,704)	49,580
Bioterrorism:				
Salaries and employee benefits	54,320	52,840	1,480	51,281
Other operating expenditures	10,067	7,780	2,287	20,606
Total	64,387	60,620	3,767	71,887
Contracted Services:				
Salaries and employee benefits	259,280	476,957	(217,677)	253,321
Other operating expenditures	283,150	32,697	250,453	223,384
Total	542,430	509,654	32,776	476,705
Other Health Programs:				
Susan Komen	-	-	-	8,923
Total	-	-	-	8,923
Total health	5,380,122	5,089,206	290,916	4,999,255

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Mental Health:				
Gaston-Lincoln Area program	373,589	373,120	469	292,666
Social Services:				
Administration:				
Salaries and employee benefits	801,668	746,587	55,081	750,077
Special compensation	1,200	840	360	880
Other operating expenditures	281,437	251,578	29,859	259,576
Capital outlay	-	-	-	40,353
Total	1,084,305	999,005	85,300	1,050,886
Children's Services:				
Salaries and employee benefits	2,120,135	2,050,581	69,554	1,826,254
Foster care	918,915	846,358	72,557	670,419
Other operating expenditures	172,293	72,891	99,402	110,772
Total	3,211,343	2,969,830	241,513	2,607,445
Family Preservation:				
Salaries and employee benefits	51,571	51,732	(161)	49,553
Other operating expenditures	9,545	4,989	4,556	7,491
Total	61,116	56,721	4,395	57,044
Adult Services:				
Salaries and employee benefits	598,429	566,083	32,346	446,196
Long term care, SD	540,550	554,734	(14,184)	518,515
Other operating expenditures	21,592	15,930	5,662	14,098
Total	1,160,571	1,136,747	23,824	978,809
State In-Home Care:				
Special compensation	9,249	3,833	5,416	9,534
Total	9,249	3,833	5,416	9,534
Office on Aging - HCCBG:				
Special contracted services	209,129	204,352	4,777	235,795
Total	209,129	204,352	4,777	235,795
Child Support Enforcement:				
Salaries and employee benefits	476,616	470,932	5,684	450,892
Other operating expenditures	21,000	14,355	6,645	12,994
Total	497,616	485,287	12,329	463,886

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
CAP - Children:				
Special contracted services	27,156	-	27,156	-
Total	27,156	-	27,156	-
CAP - Disabled Adults:				
Special contracted services	2,893,860	1,470,140	1,423,720	1,935,225
Other operating expenditures	92,000	82,021	9,979	76,818
Total	2,985,860	1,552,161	1,433,699	2,012,043
Work First:				
Salaries and employee benefits	401,747	395,388	6,359	343,605
Client travel reimbursement	5,000	3,848	1,152	1,279
Other operating expenditures	62,456	27,431	35,025	30,908
Total	469,203	426,667	42,536	375,792
TANF Program:				
Salaries and employee benefits	435,587	436,197	(610)	406,222
TANF emergency assistance	54,230	20,187	34,043	37,028
Other operating expenditures	8,250	6,772	1,478	6,984
Total	498,067	463,156	34,911	450,234
Title XIX Program:				
Salaries and employee benefits	455,960	442,350	13,610	407,504
Client transportation	455,000	400,447	54,553	285,129
Medicaid, SD	1,972,998	1,143,580	829,418	2,614,461
Other operating expenditures	9,213	6,668	2,545	(14,223)
Total	2,893,171	1,993,045	900,126	3,292,871
Food Stamp Program - Issuance:				
Salaries and employee benefits	467,705	444,168	23,537	392,370
Other operating expenditures	275,594	190,032	85,562	107,074
Total	743,299	634,200	109,099	499,444
Food Stamp Program - Fraud:				
Special contracted services	43,535	41,702	1,833	41,279
Other operating expenditures	935	162	773	604
Total	44,470	41,864	2,606	41,883
Total social services	13,894,555	10,966,868	2,927,687	12,075,666

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Assistance Programs:				
Blind	7,722	7,582	140	3,291
Day care program	2,480,427	1,968,050	512,377	2,153,837
Communities in schools	55,000	55,000	-	50,000
Gaston skills	65,775	59,480	6,295	80,514
Total	2,608,924	2,090,112	518,812	2,287,642
Veterans Service Office:				
Special contracted services	78,323	76,725	1,598	75,034
Other operating expenditures	19,347	20,063	(716)	13,675
Total	97,670	96,788	882	88,709
Community Based Alternatives:				
Other operating expenditures	28,341	27,999	342	7,100
Total	28,341	27,999	342	7,100
JCP Pathways MH/SA:				
Other operating expenditures	7,282	7,282	-	6,000
JCP - Communities In Schools:				
Other operating expenditures	27,255	27,255	-	26,386
Mediation	15,268	15,268	-	12,319
Shepherd - Trail Success Equine:				
Other operating expenditures	24,545	24,545	-	40,358
Total	24,545	24,545	-	40,358
Office on Aging:				
Salaries and employee benefits	246,231	215,643	30,588	239,695
Other operating expenditures	239,433	237,200	2,233	221,276
Total	485,664	452,843	32,821	460,971
Transportation TLC:				
Salaries and employee benefits	554,362	529,359	25,003	370,767
Other operating expenditures	371,101	232,306	138,795	255,155
Capital outlay	3,900	-	3,900	107,963
Total	929,363	761,665	167,698	733,885

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Total human services	23,872,578	19,932,951	3,939,627	21,030,957
Cultural and Recreational:				
Recreation:				
Salaries and employee benefits	612,112	486,834	125,278	391,739
Contracted services	13,950	7,670	6,280	8,748
Other operating expenditures	398,979	291,512	107,467	201,183
Capital outlay	-	-	-	17,500
Total	1,025,041	786,016	239,025	619,170
Recreation - Building & Grounds:				
Salaries and employee benefits	86,944	82,638	4,306	-
Other operating expenditures	41,397	20,469	20,928	-
Total	128,341	103,107	25,234	-
Library:				
Salaries and employee benefits	633,675	580,920	52,755	526,473
Other operating expenditures	242,044	216,797	25,247	203,205
Books and magazines	-	-	-	87,436
Capital outlay	43,303	14,482	28,821	26,190
Total	919,022	812,199	106,823	843,304
Battle of Ramsour Mill:				
Operating expenses	9,850	8,123	1,727	7,534
Historical Properties:				
Other operating expenditures	7,080	3,698	3,382	3,477
Historical Association	64,430	64,430	-	33,000
Historical Coordinator:				
Salaries and employee benefits	49,526	43,351	6,175	51,727
Other operating expenditures	7,666	7,182	484	9,104
Total	57,192	50,533	6,659	60,831
Total cultural and recreational	2,210,956	1,828,106	382,850	1,567,316

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Final Budget	Actual	Variance Over / Under	Actual Prior Year
Education:				
Public schools - current expense	16,189,429	16,189,429	-	15,533,611
Public schools - capital outlay	1,418,011	1,418,011	-	1,464,500
Community college - current expense	135,406	135,406	-	111,517
Total education	<u>17,742,846</u>	<u>17,742,846</u>	<u>-</u>	<u>17,109,628</u>
Debt Service:				
Principal retirement	7,976,458	7,872,139	104,319	7,743,368
Interest and fees	5,300,935	5,258,614	42,321	4,907,326
Total debt service	<u>13,277,393</u>	<u>13,130,753</u>	<u>146,640</u>	<u>12,650,694</u>
Total expenditures	<u>87,127,558</u>	<u>80,522,629</u>	<u>6,604,929</u>	<u>79,535,394</u>
Revenues over (under) expenditures	<u>(805,245)</u>	<u>3,071,489</u>	<u>3,876,734</u>	<u>(1,757,645)</u>
Other Financing Sources (Uses):				
Long-term debt issued	-	-	-	109,002
Transfers out	(6,819,495)	(5,308,678)	1,510,817	(11,635,384)
Transfers in	7,506,369	6,141,716	(1,364,653)	11,245,991
Fund balance appropriated	118,371	-	(118,371)	-
Total other financing sources (uses)	<u>805,245</u>	<u>833,038</u>	<u>27,793</u>	<u>(280,391)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>3,904,527</u>	<u>\$ 3,904,527</u>	<u>(2,038,036)</u>
Fund balance, beginning of year		<u>16,423,980</u>		<u>18,462,016</u>
Fund balance, end of year		<u>\$ 20,328,507</u>		<u>\$ 16,423,980</u>

LINCOLN COUNTY, NORTH CAROLINA

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, 2009

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental				
Federal and State grants	\$ 2,539,611	\$ 1,246,424	\$ 693,000	\$ 1,939,424
Investment earnings	387,000	303,857	40,643	344,500
Contributions and donations	610,870	382,500	300,870	683,370
Miscellaneous	142,638	269,397	-	269,397
Total revenues	3,680,119	2,202,178	1,034,513	3,236,691
Expenditures:				
Capital outlay				
Land and buildings	10,314,915	2,628,839	3,086,568	5,715,407
Data processing	483,847	65,202	526,235	591,437
Water/Sewer lines	4,002,510	2,555,981	956,943	3,512,924
Other improvements	381,005	-	120,000	120,000
Other equipment	2,449,391	1,753	1,545,112	1,546,865
Total expenditures	17,631,668	5,251,775	6,234,858	11,486,633
Revenues over (under) expenditures	(13,951,549)	(3,049,597)	(5,200,345)	(8,249,942)
Other Financing Sources (Uses):				
Long-term debt issued	6,940,000	-	5,990,000	5,990,000
Premium received from issuance of long-term debt	-	-	5,282	5,282
Transfer to General Fund	(21,300)	(21,300)	-	(21,300)
Transfer from General Fund	6,179,069	4,280,702	1,928,455	6,209,157
Fund balance appropriated	853,780	-	-	-
Total other financing sources (uses)	13,951,549	4,259,402	7,923,737	12,183,139
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,209,805	2,723,392	\$ 3,933,197
Fund balance, beginning of year			1,209,805	
Fund balance, end of year			\$ 3,933,197	

LINCOLN COUNTY, NORTH CAROLINA

CAPITAL PROJECT FUND

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, 2009

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 150,000	\$ 223,409	\$ 143,080	\$ 366,489
Total revenues	<u>150,000</u>	<u>223,409</u>	<u>143,080</u>	<u>366,489</u>
Expenditures:				
Education	<u>18,847,120</u>	<u>3,750,289</u>	<u>6,246,522</u>	<u>9,996,811</u>
Revenues over (under) expenditures	<u>(18,697,120)</u>	<u>(3,526,880)</u>	<u>(6,103,442)</u>	<u>(9,630,322)</u>
Other Financing Sources (Uses):				
Long-term debt issued	21,677,839	6,748,504	15,000,000	21,748,504
Transfers out	<u>(2,980,719)</u>	<u>-</u>	<u>(2,980,719)</u>	<u>(2,980,719)</u>
Total other financing sources (uses)	<u>18,697,120</u>	<u>6,748,504</u>	<u>12,019,281</u>	<u>18,767,785</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,221,624</u>	5,915,839	<u>\$ 9,137,463</u>
Fund balance, beginning of year			<u>3,221,624</u>	
Fund balance, end of year			<u>\$ 9,137,463</u>	

LINCOLN COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2009

	Capital Reserve Fund	Fire Districts Fund	Law Enforcement Fund
Assets:			
Cash and cash equivalents	\$ 5,964,355	\$ 70,249	\$ 23,691
Taxes receivable, net	-	218,699	-
Accounts receivable, net	-	-	-
Due from other governments	-	-	2,670
Due from other funds	495,074	-	-
Total assets	<u>\$ 6,459,429</u>	<u>\$ 288,948</u>	<u>\$ 26,361</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and other accrued liabilities	\$ -	\$ 70,249	\$ -
Deferred revenue	-	218,699	-
Total liabilities	<u>-</u>	<u>288,948</u>	<u>-</u>
Fund Balances:			
Reserved:			
State statue	495,074	-	2,670
Undesignated	5,964,355	-	23,691
Total fund balances	<u>6,459,429</u>	<u>-</u>	<u>26,361</u>
Total liabilities and fund balances	<u>\$ 6,459,429</u>	<u>\$ 288,948</u>	<u>\$ 26,361</u>

Schedule C-1

Federal Law Enforcement Fund	Emergency Telephone Systems Fund	Total Nonmajor Governmental Funds
\$ 10,347	\$ 460,287	\$ 6,528,929
-	-	218,699
-	47,724	47,724
458	-	3,128
-	-	495,074
<u>\$ 10,805</u>	<u>\$ 508,011</u>	<u>\$ 7,293,554</u>
\$ -	\$ -	\$ 70,249
-	-	218,699
-	-	288,948
458	47,724	545,926
10,347	460,287	6,458,680
<u>10,805</u>	<u>508,011</u>	<u>7,004,606</u>
<u>\$ 10,805</u>	<u>\$ 508,011</u>	<u>\$ 7,293,554</u>

LINCOLN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Capital Reserve Fund	Fire Districts Fund	Law Enforcement Fund
Revenues:			
Ad valorem taxes	\$ -	\$ 5,447,933	\$ -
Other taxes and licenses	-	-	-
Restricted intergovernmental revenue	1,334,250	-	21,914
Investment earnings	85,639	-	691
Total revenues	<u>1,419,889</u>	<u>5,447,933</u>	<u>22,605</u>
Expenditures:			
Current:			
Public Safety	-	5,447,933	45,626
Total expenditures	<u>-</u>	<u>5,447,933</u>	<u>45,626</u>
Revenues over (under) expenditures	<u>1,419,889</u>	<u>-</u>	<u>(23,021)</u>
Other Financing Sources (Uses):			
Transfers out	(4,551,615)	-	-
Transfers in	5,060,942	-	-
Total other financing sources (uses)	<u>509,327</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,929,216	-	(23,021)
Fund balance - beginning	<u>4,530,213</u>	<u>-</u>	<u>49,382</u>
Fund balance - ending	<u>\$ 6,459,429</u>	<u>\$ -</u>	<u>\$ 26,361</u>

Schedule C-2

Federal Law Enforcement Fund	Emergency Telephone Systems Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 5,447,933
-	680,661	680,661
-	-	1,356,164
421	11,255	98,006
<u>421</u>	<u>691,916</u>	<u>7,582,764</u>
<u>23,994</u>	<u>250,650</u>	<u>5,768,203</u>
<u>23,994</u>	<u>250,650</u>	<u>5,768,203</u>
<u>(23,573)</u>	<u>441,266</u>	<u>1,814,561</u>
-	(394,811)	(4,946,426)
-	-	5,060,942
-	(394,811)	114,516
(23,573)	46,455	1,929,077
<u>34,378</u>	<u>461,556</u>	<u>5,075,529</u>
<u>\$ 10,805</u>	<u>\$ 508,011</u>	<u>\$ 7,004,606</u>

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
Revenues:				
Restricted Intergovernmental:				
Public School Building Capital Fund	\$ 770,512	\$ 455,225	\$ (315,287)	\$ 495,157
Lottery proceeds	600,000	879,025	279,025	724,378
Investment earnings	150,000	85,639	(64,361)	186,093
Total revenues	<u>1,520,512</u>	<u>1,419,889</u>	<u>(100,623)</u>	<u>1,405,628</u>
Revenues over (under) expenditures	<u>1,520,512</u>	<u>1,419,889</u>	<u>(100,623)</u>	<u>1,405,628</u>
Other Financing Sources (Uses):				
Transfers out	(4,829,154)	(4,551,615)	277,539	(11,245,991)
Transfers in	<u>3,308,642</u>	<u>5,060,942</u>	<u>1,752,300</u>	<u>10,578,489</u>
Total other financing sources (uses)	<u>(1,520,512)</u>	<u>509,327</u>	<u>2,029,839</u>	<u>(667,502)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,929,216</u>	<u>\$ 1,929,216</u>	<u>738,126</u>
Fund balance, beginning of year		<u>4,530,213</u>		<u>3,792,087</u>
Fund balance, end of year		<u>\$ 6,459,429</u>		<u>\$ 4,530,213</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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over / Under	Actual Prior Year
Revenues:				
Ad valorem taxes	\$ 5,458,391	\$ 5,447,933	\$ (10,458)	\$ 4,271,148
Expenditures:				
Alexis Fire District	353,927	348,861	5,066	346,482
Boger City Fire District	500,707	497,924	2,783	442,286
Crouse Fire District	102,339	103,542	(1,203)	93,249
Denver Fire District	1,820,793	1,821,154	(361)	1,388,926
East Lincoln Fire District	1,270,930	1,273,625	(2,695)	942,652
High Shoals Fire District	-	-	-	34
Howard's Creek Fire District	164,507	160,728	3,779	103,015
Hughes Pond Fire District	-	-	-	5
North 321 Fire District	214,450	213,865	585	170,137
North Brook Fire District	201,335	198,763	2,572	167,061
Pumpkin Center Fire District	436,037	435,601	436	355,997
South Fork Fire District	207,685	208,353	(668)	118,267
Union Fire District	185,681	185,517	164	143,037
Total expenditures	5,458,391	5,447,933	10,458	4,271,148
Revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - LAW ENFORCEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over / Under</u>	<u>Actual Prior Year</u>
Revenues:				
Restricted intergovernmental	\$ 16,548	\$ 21,914	\$ 5,366	\$ 9,878
Investment earnings	200	691	491	2,264
Total revenues	<u>16,748</u>	<u>22,605</u>	<u>5,857</u>	<u>12,142</u>
Expenditures:				
Public Safety	<u>66,829</u>	<u>45,626</u>	<u>21,203</u>	<u>17,716</u>
Revenues over (under) expenditures	<u>(50,081)</u>	<u>(23,021)</u>	<u>27,060</u>	<u>(5,574)</u>
Other Financing Sources (Uses):				
Fund balance appropriated	<u>50,081</u>	<u>-</u>	<u>(50,081)</u>	<u>-</u>
Total other financing sources (uses)	<u>50,081</u>	<u>-</u>	<u>(50,081)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(23,021)</u>	<u>\$ (23,021)</u>	<u>(5,574)</u>
Fund balance, beginning of year		<u>49,382</u>		<u>54,956</u>
Fund balance, end of year		<u>\$ 26,361</u>		<u>\$ 49,382</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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over / Under	Actual Prior Year
Revenues:				
Investment earnings	\$ 200	\$ 421	\$ 221	\$ 1,195
Miscellaneous	5,849	-	(5,849)	33,682
Total revenues	6,049	421	(5,628)	34,877
Expenditures:				
Public Safety	31,898	23,994	7,904	18,138
Revenues over (under) expenditures	(25,849)	(23,573)	2,276	16,739
Other Financing Sources (Uses):				
Appropriated fund balance	25,849	-	(25,849)	-
Total other financing sources (uses)	25,849	-	(25,849)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(23,573)	\$ (23,573)	16,739
Fund balance, beginning of year		34,378		17,639
Fund balance, end of year		\$ 10,805		\$ 34,378

LINCOLN COUNTY, NORTH CAROLINA

SPECIAL REVENUE - EMERGENCY TELEPHONE SYSTEM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over / Under	Actual
Revenues:				
Other Taxes and Licenses:				
911 system subscriber fees	\$ 400,000	\$ 680,661	\$ 280,661	\$ 412,697
Restricted Intergovernmental:				
Wireless 911 funds	200,000	-	(200,000)	107,799
Investment earnings	8,000	11,255	3,255	15,853
Total revenues	608,000	691,916	83,916	536,349
Expenditures:				
Public Safety:				
Salaries and employee benefits	93,081	928	92,153	83,285
Other operating expenditures	201,669	77,760	123,909	18,627
Telephone	204,250	171,962	32,288	202,697
Capital outlay	109,000	-	109,000	49,376
Total expenditures	608,000	250,650	357,350	353,985
Revenues over (under) expenditures	-	441,266	441,266	182,364
Other Financing Sources (Uses):				
Transfers in (out)	(394,811)	(394,811)	-	-
Fund balance appropriated	394,811	-	(394,811)	-
Total other financing sources (uses)	-	(394,811)	(394,811)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	46,455	\$ 46,455	182,364
Fund balance, beginning of year		461,556		279,192
Fund balance, end of year		\$ 508,011		\$ 461,556

LINCOLN COUNTY, NORTH CAROLINA

ENTERPRISE FUND - LANDFILL FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over / Under	Actual
Revenues:				
Operating Revenues:				
Solid waste charges/tipping fees	\$ 590,000	\$ 449,739	\$ (140,261)	\$ 588,788
Other	4,800	5,077	277	25,622
Total operating revenues	594,800	454,816	(139,984)	614,410
Nonoperating Revenues:				
Availability fees	2,341,342	2,259,409	(81,933)	2,204,939
White goods disposal tax	26,000	12,821	(13,179)	27,473
Tire disposal tax	60,000	77,048	17,048	80,109
Sales and use tax refunds	75,000	46,283	(28,717)	54,936
Solid waste disposal tax	-	34,096	34,096	-
Federal and State grants	-	10,419	10,419	-
Miscellaneous	146,028	146,028	-	-
Investment earnings	200,000	101,854	(98,146)	286,132
Total nonoperating revenues	2,848,370	2,687,958	(160,412)	2,653,589
Total revenues	3,443,170	3,142,774	(300,396)	3,267,999
Expenditures:				
Landfill Operations:				
Salaries and employee benefits	1,895,885	1,681,641	214,244	1,489,471
Other operating costs	1,461,289	1,258,051	203,238	1,256,471
Capital outlay	1,369,962	1,243,601	126,361	603,163
Debt Service:				
Principal	27,500	27,050	450	-
Interest	5,350	4,514	836	-
Total expenditures	4,759,986	4,214,857	545,129	3,349,105
Revenues over (under) expenditures	(1,316,816)	(1,072,083)	244,733	(81,106)

LINCOLN COUNTY, NORTH CAROLINA

**ENTERPRISE FUND - LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)**

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over / Under	Actual
Other Financing Sources (Uses):				
Long-term debt issued	430,000	430,000	-	-
Appropriated fund balance	886,816	-	(886,816)	-
Total other financing sources (uses)	1,316,816	430,000	(886,816)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(642,083)	\$ (642,083)	(81,106)
Reconciliation of Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Reconciling Items:				
Debt principal		27,050		-
Long-term debt issued		(430,000)		-
Capital outlay added to capital assets		1,033,405		491,813
Depreciation		(438,204)		(1,987,666)
(Increase) decrease in other postemployment benefits		(149,973)		-
(Increase) decrease in landfill closure and and postclosure costs		(2,183,770)		(555,821)
Total reconciling items		(2,141,492)		(2,051,674)
Change in net assets		\$ (2,783,575)		\$ (2,132,780)

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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over / Under	Actual
Revenues:				
Operating Revenues:				
Water and sewer charges/fees	\$ 7,996,500	\$ 7,403,742	\$ (592,758)	\$ 7,945,933
Water and sewer taps	170,000	137,383	(32,617)	1,186,634
Other operating revenues	12,000	22,958	10,958	17,469
Total operating revenues	8,178,500	7,564,083	(614,417)	9,150,036
Nonoperating Revenues:				
Sales and use tax refunds	50,000	51,089	1,089	49,944
Investment income	100,000	125,102	25,102	196,421
Total nonoperating revenues	150,000	176,191	26,191	246,365
Total revenues	8,328,500	7,740,274	(588,226)	9,396,401
Expenditures:				
Water System:				
Salaries and employee benefits	735,881	726,781	9,100	698,175
Other operating costs	1,115,215	1,038,764	76,451	1,320,927
Capital outlay	-	7,606	(7,606)	60,763
Total water system	1,851,096	1,773,151	77,945	2,079,865
Sewer System:				
Salaries and employee benefits	847,619	849,090	(1,471)	792,235
Other operating costs	1,106,145	1,092,759	13,386	923,611
Capital outlay	41,462	41,368	94	18,263
Total sewer system	1,995,226	1,983,217	12,009	1,734,109
Water Treatment Plant:				
Salaries and employee benefits	471,080	463,612	7,468	449,291
Other operating costs	462,720	445,960	16,760	370,242
Total water treatment plant	933,800	909,572	24,228	819,533
Indian Creek Pumping Station:				
Other operating costs	12,650	7,023	5,627	10,559
Total Indian Creek pumping station	12,650	7,023	5,627	10,559

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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over / Under	Actual
Debt Service:				
Principal	1,056,086	1,056,084	2	1,442,329
Interest	176,797	259,700	(82,903)	474,807
Total debt service	1,232,883	1,315,784	(82,901)	1,917,136
 Total expenditures	 6,025,655	 5,988,747	 36,908	 6,561,202
 Revenues over (under) expenditures	 2,302,845	 1,751,527	 (551,318)	 2,835,199
 Other Financing Sources (Uses):				
Fund balance appropriated	2,434,095	-	(2,434,095)	-
Transfers in (out)	(4,736,940)	(3,649,826)	1,087,114	3,772,104
Total other financing sources (uses)	(2,302,845)	(3,649,826)	(1,346,981)	3,772,104
 Revenues and other financing sources over (under) expenditures and other financing uses	 \$ -	 (1,898,299)	 \$ (1,898,299)	 6,607,303
 Reconciliation of Modified Accrual Basis (Modified Accrual) to Full Accrual Basis:				
 Reconciling Items:				
Debt principal		1,056,084		1,442,329
Capital outlay capitalized		48,974		79,026
Water and Sewer Fund activity		1,532,648		899,640
Capital contributions		2,953,588		3,449,828
Transfers of non-current assets-East Lincoln		-		25,575,376
Depreciation		(2,038,517)		(1,782,888)
(Increase) decrease in other postemployment benefits		(162,408)		-
Change in accrued interest		4,260		187,736
Amortization of bond premium (to interest expense)		58,299		58,299
 Total reconciling items		 3,452,928		 29,909,346
 Change in net assets		 \$ 1,554,629		 \$ 36,516,649

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, 2009

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ 441,216	\$ 17,776	\$ 458,992
Miscellaneous	-	173,044	-	173,044
Total revenues	-	614,260	17,776	632,036
Expenditures:				
Capital outlay	27,951,491	5,505,409	3,217,783	8,723,192
Total expenditures	27,951,491	5,505,409	3,217,783	8,723,192
Revenues over (under) expenditures	<u>(27,951,491)</u>	<u>(4,891,149)</u>	<u>(3,200,007)</u>	<u>(8,091,156)</u>
Other Financing Sources (Uses):				
Long-term debt issued	17,500,000	1,628,546	-	1,628,546
Transfers in (out)	10,451,491	4,329,092	1,981,241	6,310,333
Total other financing sources (uses)	27,951,491	5,957,638	1,981,241	7,938,879
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,066,489</u>	<u>\$ (1,218,766)</u>	<u>\$ (152,277)</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, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over / Under	Actual
Revenues:				
Nonoperating Revenues:				
Ad valorem taxes	\$ 514,300	\$ 557,775	\$ 43,475	\$ 1,302,839
Investment earnings	60,000	14,148	(45,852)	134,863
Total non-operating revenues	574,300	571,923	(2,377)	1,437,702
 Total revenues	 574,300	 571,923	 (2,377)	 1,437,702
 Expenditures:				
Other operating costs	1,200	2,938	(1,738)	2,938
Debt Service:				
Principal	835,000	835,000	-	845,000
Interest	239,908	237,119	2,789	261,044
Total expenditures	1,076,108	1,075,057	1,051	1,108,982
 Revenues over (under) expenditures	 (501,808)	 (503,134)	 (1,326)	 328,720
 Other Financing Sources (Uses):				
Contingency	(1,271,487)	-	1,271,487	-
Transfers in (out)	1,773,295	1,773,295	-	(4,577,004)
Total other financing sources (uses)	501,808	1,773,295	1,271,487	(4,577,004)
 Revenues and other financing sources over (under) expenditures and other financing uses	 \$ -	 \$ 1,270,161	 \$ 1,270,161	 \$ (4,248,284)
 Reconciliation of Modified Accrual Basis (Modified Accrual) to Full Accrual Basis:				
 Revenues and other financing sources over (under) expenditures and other financing uses		\$ 1,270,161		\$ (4,248,284)
 Reconciling Items:				
Debt principal		835,000		845,000
Transfers of non-current assets to Water and Sewer Fund		-		(25,575,376)
Total reconciling items		835,000		(24,730,376)
 Change in net assets		\$ 2,105,161		\$ (28,978,660)

LINCOLN COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUND

HEALTH BENEFITS FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

FINANCIAL PLAN AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2009

	Financial Plan	Actual	Variance Over/Under
Operating Revenues:			
Contributions from employer	\$ 4,704,400	\$ 4,553,615	\$ (150,785)
Contributions from employees	744,500	591,874	(152,626)
Flex account	187,200	129,753	(57,447)
Workers' compensation premiums	1,116,534	1,140,854	24,320
Total operating revenues	<u>6,752,634</u>	<u>6,416,096</u>	<u>(336,538)</u>
Operating Expenditures:			
Health and consultant fees	608,826	638,551	(29,725)
Health and workers' compensation claims	5,849,264	5,498,593	350,671
Reserve	104,544	-	104,544
Flex account	200,000	199,725	275
Total operating expenditures	<u>6,762,634</u>	<u>6,336,869</u>	<u>425,765</u>
Operating income (loss)	<u>(10,000)</u>	<u>79,227</u>	<u>89,227</u>
Nonoperating Revenues:			
Investment earnings	<u>10,000</u>	<u>4,063</u>	<u>(5,937)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets - budgetary basis	<u>\$ -</u>	<u>\$ 83,290</u>	<u>\$ 83,290</u>

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

LINCOLN COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2009

	<u>Social Services Fund</u>	<u>Tax Collector Fund</u>	<u>HB 1779 Interest Fund</u>	<u>Inmate Trust Fund</u>	<u>Miscellaneous Fund</u>	<u>Totals</u>
Assets:						
Cash and cash equivalents	\$ 40,019	\$ 73,507	\$ 2,804	\$ 21,227	\$ 224,999	\$ 362,556
Total assets	<u>\$ 40,019</u>	<u>\$ 73,507</u>	<u>\$ 2,804</u>	<u>\$ 21,227</u>	<u>\$ 224,999</u>	<u>\$ 362,556</u>
Liabilities:						
Intergovernmental payable	\$ 40,019	\$ 73,507	\$ 2,804	\$ 21,227	\$ 224,999	\$ 362,556
Total liabilities	<u>\$ 40,019</u>	<u>\$ 73,507</u>	<u>\$ 2,804</u>	<u>\$ 21,227</u>	<u>\$ 224,999</u>	<u>\$ 362,556</u>

LINCOLN COUNTY, NORTH CAROLINA

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Social Services				
Assets:				
Cash and cash equivalents	\$ 37,756	\$ 151,586	\$ 149,323	\$ 40,019
Total assets	<u>\$ 37,756</u>	<u>\$ 151,586</u>	<u>\$ 149,323</u>	<u>\$ 40,019</u>
Liabilities:				
Intergovernmental payable	\$ 37,756	\$ 151,586	\$ 149,323	\$ 40,019
Total liabilities	<u>\$ 37,756</u>	<u>\$ 151,586</u>	<u>\$ 149,323</u>	<u>\$ 40,019</u>
Tax Collector Fund				
Assets:				
Cash and cash equivalents	\$ 71,222	\$ 4,696,234	\$ 4,693,949	\$ 73,507
Total assets	<u>\$ 71,222</u>	<u>\$ 4,696,234</u>	<u>\$ 4,693,949</u>	<u>\$ 73,507</u>
Liabilities:				
Intergovernmental payable	\$ 71,222	\$ 4,696,234	\$ 4,693,949	\$ 73,507
Total liabilities	<u>\$ 71,222</u>	<u>\$ 4,696,234</u>	<u>\$ 4,693,949</u>	<u>\$ 73,507</u>
HB 1779 Interest Fund				
Assets:				
Cash and cash equivalents	\$ 3,001	\$ 40,655	\$ 40,852	\$ 2,804
Total assets	<u>\$ 3,001</u>	<u>\$ 40,655</u>	<u>\$ 40,852</u>	<u>\$ 2,804</u>
Liabilities:				
Intergovernmental payable	\$ 3,001	\$ 40,655	\$ 40,852	\$ 2,804
Total liabilities	<u>\$ 3,001</u>	<u>\$ 40,655</u>	<u>\$ 40,852</u>	<u>\$ 2,804</u>
Inmate Trust Fund				
Assets:				
Cash and cash equivalents	\$ 28,158	\$ 178,358	\$ 185,289	\$ 21,227
Total assets	<u>\$ 28,158</u>	<u>\$ 178,358</u>	<u>\$ 185,289</u>	<u>\$ 21,227</u>
Liabilities:				
Intergovernmental payable	\$ 28,158	\$ 178,358	\$ 185,289	\$ 21,227
Total liabilities	<u>\$ 28,158</u>	<u>\$ 178,358</u>	<u>\$ 185,289</u>	<u>\$ 21,227</u>

LINCOLN COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Miscellaneous Fund				
Assets:				
Cash and cash equivalents	\$ 202,307	\$ 397,403	\$ 374,711	\$ 224,999
Total assets	<u>\$ 202,307</u>	<u>\$ 397,403</u>	<u>\$ 374,711</u>	<u>\$ 224,999</u>
Liabilities:				
Intergovernmental payable	\$ 202,307	\$ 397,403	\$ 374,711	\$ 224,999
Total liabilities	<u>\$ 202,307</u>	<u>\$ 397,403</u>	<u>\$ 374,711</u>	<u>\$ 224,999</u>
Totals - All Agency Funds				
Assets:				
Cash and investments	\$ 342,444	\$ 5,464,236	\$ 5,444,124	\$ 362,556
Total assets	<u>\$ 342,444</u>	<u>\$ 5,464,236</u>	<u>\$ 5,444,124</u>	<u>\$ 362,556</u>
Liabilities:				
Intergovernmental payable	\$ 342,444	\$ 5,464,236	\$ 5,444,124	\$ 362,556
Total liabilities	<u>\$ 342,444</u>	<u>\$ 5,464,236</u>	<u>\$ 5,444,124</u>	<u>\$ 362,556</u>

LINCOLN COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2009

Year	Uncollected Balance July 1, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008	\$ -	\$ 48,541,673	\$ 47,330,210	\$ 1,211,463
2007	872,468	-	594,352	278,116
2006	247,844	-	76,155	171,689
2005	177,924	-	37,291	140,633
2004	134,300	-	32,186	102,114
2003	127,478	-	14,357	113,121
2002	90,399	-	11,858	78,541
2001	75,713	-	7,859	67,854
2000	58,307	-	3,246	55,061
1999	51,834	-	2,259	49,575
1998	132,341	-	132,341	-
	<u>\$ 1,968,608</u>	<u>\$ 48,541,673</u>	<u>\$ 48,242,114</u>	2,268,167

Less allowance for uncollectible ad valorem taxes receivable:

General Fund	<u>(818,000)</u>
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Ad Valorem Taxes Receivable, Net

General Fund	<u>\$ 1,450,167</u>
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Reconciliation of collections and credits with revenues:

Ad valorem taxes - General Fund	\$ 47,858,134
---------------------------------	---------------

Reconciling items:

Interest and penalties	(299,268)
Discoveries related to prior years	(25,967)
Abatements related to prior years	64,717
2% Discount allowed	517,424
Taxes written off	132,341
Miscellaneous adjustments	<u>(5,267)</u>

Total Collections and Credits	<u>\$ 48,242,114</u>
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LINCOLN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2009

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County Wide:					
Property taxed at current year's rate	\$ 8,213,370,877	0.570	\$ 46,816,214	\$ 44,527,582	\$ 2,288,632
Motor vehicles taxed at prior year's rate	252,595,082	0.610	1,540,830	-	1,540,830
Late list penalties	-		40,058	40,058	-
Total original levy	<u>8,465,965,959</u>		<u>48,397,102</u>	<u>44,567,640</u>	<u>3,829,462</u>
Discoveries:					
Current year taxes	26,130,877		148,946	132,771	16,175
Prior year taxes	<u>35,113,135</u>		<u>214,894</u>	<u>196,650</u>	<u>18,244</u>
Total discoveries	<u>61,244,012</u>		<u>363,840</u>	<u>329,421</u>	<u>34,419</u>
Abatements and discounts	<u>(36,941,734)</u>		<u>(219,269)</u>	<u>(136,560)</u>	<u>(82,709)</u>
Total Property Valuation	<u>\$ 8,490,268,237</u>				
Net Levy			48,541,673	44,760,501	3,781,172
Uncollected taxes at June 30, 2009			<u>1,211,463</u>	<u>850,782</u>	<u>360,681</u>
Current Year's Taxes Collected			<u>\$ 47,330,210</u>	<u>\$ 43,909,719</u>	<u>\$ 3,420,491</u>
Current Levy Collection Percentage			<u>97.50%</u>	<u>98.10%</u>	<u>90.46%</u>

LINCOLN COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2009****Secondary Market Disclosures:****Assessed Valuation:**

Assessment Ratio (1)	100%
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Real property	\$ 6,864,351,853
Personal property	628,739,407
Public service companies	351,143,578
Registered vehicles	<u>646,033,399</u>

Total assessed valuation	\$ <u>8,490,268,237</u>
---------------------------------	--------------------------------

Tax rate per \$100 (2)	0.57
------------------------	------

Levy (includes discoveries, releases and abatements)	<u>\$ 48,541,673</u>
--	----------------------

In addition to the County-wide rate, the County levies taxes on behalf of several fire districts	<u>\$ 5,580,929</u>
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(1) Percentage if appraised value has been established by statute

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

(3) The levy includes interest and penalties.

LINCOLN COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY
EAST LINCOLN WATER AND SEWER DISTRICT LEVY
FOR THE YEAR ENDED JUNE 30, 2009****Secondary Market Disclosures:****Assessed Valuation:**

Assessment Ratio (1)	100%
Real property	\$ 2,497,190,259
Personal property	88,310,943
Public service companies	5,380,468
Registered vehicles	<u>138,748,791</u>
Total Assessed Valuation	<u>\$ 2,729,630,461</u>
Tax Rate per \$100 (2)	0.02
Levy (includes discoveries, releases and abatements)	<u>\$ 577,377</u>

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

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

(3) The levy includes late list penalties.

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Statistical Section

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

Contents	Page
Financial Trends – These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time, tables 1 – 5.	107-113
Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes, tables 6 – 8..	114-116
Debt Capacity – These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future, tables 9 - 12.	117-120
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place to help make comparisons over time and with other governments, tables 13 - 14.	121-122
Operating Information – These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs, tables 15 - 17.	123-128

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

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Schedule 1
Lincoln County
Net Assets by Component,
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 24,405,655	\$ 17,058,349	\$ 18,771,801	\$ 19,783,230	\$ 19,429,598	\$ 23,939,226	\$ 20,388,761
Restricted							
Unrestricted	(32,094,771)	(35,499,299)	(36,676,975)	(63,149,458)	(75,109,725)	(76,836,707)	(72,813,944)
Total governmental activities net assets	\$ <u>(7,689,116)</u>	\$ <u>(18,440,950)</u>	\$ <u>(17,905,174)</u>	\$ <u>(43,366,228)</u>	\$ <u>(55,680,127)</u>	\$ <u>(52,897,481)</u>	\$ <u>(52,425,183)</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 28,193,447	\$ 33,701,064	\$ 36,885,842	\$ 41,920,528	\$ 49,158,040	\$ 54,035,788	\$ 59,892,883
Unrestricted	5,919,073	10,536,352	12,404,362	9,621,361	11,470,000	11,997,461	7,016,581
Total business-type activities	\$ <u>34,112,520</u>	\$ <u>44,237,416</u>	\$ <u>49,290,204</u>	\$ <u>51,541,889</u>	\$ <u>60,628,040</u>	\$ <u>66,033,249</u>	\$ <u>66,909,464</u>
Primary government							
Invested in capital assets, net of related debt	\$ 52,599,102	\$ 50,759,413	\$ 55,657,643	\$ 61,703,758	\$ 68,587,638	\$ 77,975,014	\$ 80,281,644
Restricted							
Unrestricted	(26,175,698)	(24,962,947)	(24,272,613)	(53,528,097)	(63,639,725)	(64,839,246)	(65,797,363)
Total primary government net assets	\$ <u>26,423,404</u>	\$ <u>25,796,466</u>	\$ <u>31,385,030</u>	\$ <u>8,175,661</u>	\$ <u>4,947,913</u>	\$ <u>13,135,768</u>	\$ <u>14,484,281</u>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

Schedule 2
Lincoln County
Changes in Net Assets,
Last Seven Fiscal Years
 (accrual basis of accounting)

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses							
Governmental activities:							
General government							
Public safety	\$ 6,099,433	\$ 5,979,916	\$ 7,104,402	\$ 8,021,461	\$ 8,792,178	\$ 7,838,749	\$ 14,596,135
Environmental protection	14,144,467	14,518,385	16,173,103	17,514,812	20,408,731	23,430,338	23,753,716
Economic and physical development	653,286	671,799	104,494	91,252	1,456,144	1,892,385	3,326,492
Human services	682,364	855,719	1,266,878	1,138,483	20,527,745	21,226,794	19,029,439
Cultural and recreation	15,623,350	17,349,741	17,870,817	19,037,216	1,607,435	1,691,147	1,882,197
Education	1,372,624	1,450,828	1,584,772	1,614,685	34,525,949	20,859,917	23,989,368
Interest on long term debt	32,732,273	18,665,458	22,437,377	49,001,212	5,045,424	4,907,325	5,258,614
Total governmental activities	2,756,549	3,373,137	3,340,655	4,047,733	92,363,606	81,846,655	91,835,961
Business-type activities:							
Landfill	2,287,674	1,076,654	2,735,135	3,429,851	3,546,096	5,345,843	5,880,066
Water and Sewer	3,161,730	3,017,433	3,166,677	3,547,451	3,651,448	6,526,756	7,437,335
East Lincoln County water and sewer	2,300,153	2,688,491	2,142,314	2,214,001	2,242,434	263,982	240,057
Total business activities	7,749,557	6,782,578	8,044,126	9,191,303	9,439,978	12,136,581	13,557,458
Total primary government expenses	\$ 81,813,903	\$ 69,647,561	\$ 77,926,624	\$ 109,658,157	\$ 101,803,584	\$ 93,983,236	\$ 105,393,419
Program Revenues							
Governmental activities							
Charges for services:							
General government	\$ 1,566,541	\$ 2,732,965	\$ 895,388	\$ 926,068	\$ 1,048,260	\$ 1,114,334	\$ 1,645,146
Public safety	1,470,655	2,099,257	3,493,321	3,782,402	4,068,481	4,536,817	4,566,789
Economic and physical development							
Environmental protection							
Human services	2,661,208	3,310,684	4,065,761	3,971,525	4,818,526	3,881,436	3,888,397
Cultural and recreation	773,461	24	127,405	140,744	124,266	2,100	2,950
Operating grants and contributions:							
General government	419,365	153,133	325,191	877,850	730,421	1,033,216	933,098
Public safety	248,766	17,385	131,689	508,995	602,610	364,292	393,051
Economic and physical development							
Environmental protection							
Human services							
Education							
	-	-	-	137,198	4,000	4,000	410,726
	10,000	-	-	-	-	-	-
	6,149,978	6,977,362	7,871,944	7,253,373	7,786,889	8,252,407	9,093,058
	562	-	691,737	886,900	1,481,317	1,219,535	1,334,250

Schedule 2
Lincoln County
Changes in Net Assets,
Last Seven Fiscal Years
 (accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Capital grants and contributions:							
General government	-	23,494	100,838	23,212	-	132,720	993,870
Public safety	145,243	133,950	-	-	-	-	-
Economic and physical development	-	504,554	-	-	-	-	-
Human services	24,100	-	-	-	162,635	-	-
Total governmental activities program revenues	13,469,879	15,952,808	17,703,274	18,508,267	20,827,405	20,540,857	23,261,335
Business-type activities:							
Landfill	606,605	2,736,183	2,793,556	2,711,745	2,818,251	2,926,931	2,994,637
Charge for service - Water and Sewer	5,348,120	4,674,117	5,036,157	5,765,962	7,061,869	9,150,036	7,564,083
Charge for service - East Lincoln Sewer District	2,065,900	1,592,919	2,087,237	2,330,721	3,397,520	-	-
Capital grants and contributions - Landfill	-	15,758	-	-	520,895	-	-
Capital grants and contributions - Water	-	4,145,790	553,730	686,465	1,114,045	3,449,828	1,973,895
Capital grants and contributions - Sewer District	-	233,985	477,480	677,198	1,142,295	-	-
Total business-type activities program revenues	8,020,625	13,398,752	10,948,160	9,460,346	13,236,624	15,526,795	12,532,615
Total primary government program revenues	\$ 21,490,504	\$ 29,351,560	\$ 28,651,434	\$ 27,968,613	\$ 34,064,029	\$ 36,067,652	\$ 35,793,950
Net (Expense)/Revenue							
Governmental activities	\$ (60,594,467)	\$ (46,912,175)	\$ (52,179,224)	\$ (81,958,587)	\$ (71,536,201)	\$ (61,305,798)	\$ (68,574,625)
Business-type activities	271,068	6,616,174	2,904,034	2,950,788	6,614,897	3,390,214	(1,024,843)
Total primary government net (expense)/revenue	\$ (60,323,399)	\$ (40,296,001)	\$ (49,275,190)	\$ (79,007,799)	\$ (64,921,304)	\$ (57,915,584)	\$ (69,599,468)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	\$ 30,069,280	\$ 31,778,884	\$ 36,774,263	\$ 38,185,874	\$ 40,282,791	\$ 43,830,954	\$ 53,625,181
Local option sales tax	9,265,641	11,818,791	13,184,746	14,312,428	15,791,771	16,360,401	13,803,138
Utility franchise tax	168,229	173,696	180,808	186,985	274,422	318,899	321,802
Real estate transfer tax	534,704	693,074	850,318	1,155,158	1,146,496	1,005,843	514,599
Other taxes and licenses	1,532,527	421,983	525,573	445,617	476,624	494,670	746,779
Unrestricted intergovernmental	286,096	378,105	427,161	446,783	462,986	472,872	456,991
Investment earnings	443,179	165,874	772,131	2,016,573	2,624,428	1,604,805	662,836
Miscellaneous	248,747	-	-	-	-	-	-
Transfers	-	-	-	(251,884)	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	(1,837,216)	-	(1,084,403)
Total governmental activities:	42,548,403	45,430,407	52,715,000	56,497,534	59,222,302	64,088,444	69,046,923

Schedule 2
Lincoln County
Changes in Net Assets,
Last Seven Fiscal Years
 (accrual basis of accounting)

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Business-type activities:							
Property taxes	1,529,428	1,604,298	1,806,680	1,547,152	1,701,604	1,302,839	557,775
Other taxes and licenses	2,051,000	-	-	-	-	-	-
Unrestricted intergovernmental	20,068	-	-	-	-	-	-
Investment earnings	159,517	113,335	342,074	704,796	769,650	712,156	258,880
Transfers	-	-	-	251,884	-	-	1,084,403
Total business-type activities	<u>3,760,013</u>	<u>1,717,633</u>	<u>2,148,754</u>	<u>2,503,832</u>	<u>2,471,254</u>	<u>2,014,995</u>	<u>1,901,058</u>
Total primary government	<u>\$ 46,308,416</u>	<u>\$ 47,148,040</u>	<u>\$ 54,863,754</u>	<u>\$ 59,001,366</u>	<u>\$ 61,693,556</u>	<u>\$ 66,103,439</u>	<u>\$ 70,947,981</u>
Change in Net Assets							
Governmental activities	\$ (18,046,064)	\$ (1,481,768)	\$ 535,776	\$ (25,461,053)	\$ (12,313,899)	\$ 2,782,646	\$ 472,298
Prior period adjustment	-	-	281,085	-	-	-	-
Business-type activities	4,031,081	8,333,807	5,052,788	5,454,620	9,086,151	5,405,209	876,215
Prior period adjustment	-	-	(400,000)	(3,202,935)	-	-	-
Total primary government	<u>\$ (14,014,983)</u>	<u>\$ 6,852,039</u>	<u>\$ 5,469,649</u>	<u>\$ (23,209,368)</u>	<u>\$ (3,227,748)</u>	<u>\$ 8,187,855</u>	<u>\$ 1,348,513</u>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

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

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund							
Reserved for:							
State statute	\$ 7,103,522	\$ 6,207,162	\$ 6,300,551	\$ 6,142,499	\$ 7,325,570	\$ 6,184,221	\$ 4,642,450
Unreserved							
Undesignated	9,374,194	10,808,036	14,040,465	12,218,849	11,136,446	10,239,759	15,686,057
Total General Fund	<u>\$ 16,477,716</u>	<u>\$ 17,015,198</u>	<u>\$ 20,341,016</u>	<u>\$ 18,361,348</u>	<u>\$ 18,462,016</u>	<u>\$ 16,423,980</u>	<u>\$ 20,328,507</u>
All Other Governmental Funds							
Reserved for:							
State statute	\$ 741,305	\$ 738,349	\$ 472,524	\$ 546,305	\$ 614,753	\$ 625,717	\$ 545,926
Unreserved, reported in:							
Capital projects funds	5,591,234	1,422,207	9,473,672	30,550,999	11,406,471	4,431,429	13,070,660
Special revenue funds	868,004	681,614	1,443,006	1,918,943	3,529,121	4,449,812	6,458,680
Total all other governmental funds	<u>\$ 7,200,543</u>	<u>\$ 2,842,170</u>	<u>\$ 11,389,202</u>	<u>\$ 33,016,247</u>	<u>\$ 15,550,345</u>	<u>\$ 9,506,958</u>	<u>\$ 20,075,266</u>

Notes: Due to changes in the county's fund structure connected with the implementation of GASB Statement 34, fund balance information is available back to 2003 only.

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues										
Ad valorem taxes	\$ 21,842,724	\$ 22,710,919	\$ 28,499,531	\$ 29,877,029	\$ 31,720,911	\$ 36,512,355	\$ 38,564,953	\$ 40,273,413	\$ 43,831,868	\$ 53,306,067
Local option sales taxes	8,853,644	9,098,378	9,381,802	10,344,449	11,818,791	13,184,746	14,312,428	15,791,771	16,360,401	13,803,138
Other taxes and licenses	1,118,951	1,024,660	1,099,793	1,156,652	1,288,753	1,556,699	1,787,760	1,897,542	1,819,412	1,583,180
Unrestricted intergovernmental revenues	1,696,603	1,700,408	1,154,447	286,096	378,105	427,161	446,783	462,986	472,872	456,991
Restricted intergovernmental revenues	5,809,303	7,667,406	8,104,789	6,998,014	7,720,774	8,887,514	9,334,631	10,005,953	10,005,506	12,071,547
Permits and fees	938,556	973,216	1,500,223	1,412,239	1,546,249	1,722,771	1,816,283	2,262,340	2,250,774	1,460,117
Sales, service and rents	3,670,297	4,663,316	5,381,785	5,059,626	6,423,416	6,853,660	7,004,456	7,797,193	7,176,094	7,911,950
Investment earnings	502,794	1,241,056	710,526	443,179	165,874	772,131	2,016,573	2,624,428	1,604,805	658,773
Miscellaneous	989,898	836,537	581,516	278,847	282,369	435,690	528,126	903,261	1,007,343	1,102,712
Total Revenues	<u>45,427,770</u>	<u>49,915,896</u>	<u>56,414,412</u>	<u>55,856,131</u>	<u>61,325,242</u>	<u>70,352,727</u>	<u>75,811,993</u>	<u>82,018,887</u>	<u>84,529,075</u>	<u>92,354,475</u>
Expenditures										
General Government	4,284,523	4,664,414	4,831,980	5,420,276	5,587,042	6,689,600	7,180,315	7,115,181	6,973,330	6,680,816
Public Safety	9,217,599	10,754,883	12,102,993	13,489,640	14,107,357	16,243,710	17,291,813	19,948,102	22,973,155	24,414,534
Environmental Protection	778,291	1,034,964	565,526	537,466	563,632	-	-	-	-	-
Economic and physical development	460,301	1,344,795	953,514	678,381	855,719	1,284,830	1,121,760	1,456,413	1,891,301	2,560,826
Human services	12,669,908	15,031,210	16,119,413	15,410,129	16,392,974	17,592,440	18,751,492	20,233,571	21,030,957	19,932,951
Culture and Recreation	1,010,962	1,205,228	1,151,385	1,211,763	1,352,872	1,429,794	1,518,568	1,487,686	1,567,316	1,828,106
Education	8,782,924	10,011,061	21,611,475	32,732,273	12,681,353	13,464,100	14,375,502	15,671,351	17,109,628	17,742,846
Capital Outlay	2,570,171	3,661,396	1,791,577	4,722,622	7,012,641	10,810,331	36,797,703	21,698,635	8,523,119	12,481,380
Debt Service:										
Principal	2,795,133	3,125,639	4,229,290	4,663,402	3,601,883	4,658,421	5,724,576	6,727,757	7,743,368	7,872,139
Interest	1,915,923	2,048,918	1,638,363	2,725,299	3,387,510	3,319,690	4,021,663	5,045,425	4,907,326	5,258,614
Total Expenditures	<u>44,485,737</u>	<u>52,882,508</u>	<u>64,995,516</u>	<u>81,591,251</u>	<u>65,542,983</u>	<u>75,492,916</u>	<u>106,783,392</u>	<u>99,384,121</u>	<u>92,719,500</u>	<u>98,772,212</u>
Excess of revenues over (under) expenditures	<u>942,033</u>	<u>(2,966,612)</u>	<u>(8,581,104)</u>	<u>(25,735,120)</u>	<u>(4,217,741)</u>	<u>(5,140,189)</u>	<u>(30,971,399)</u>	<u>(17,365,234)</u>	<u>(8,190,425)</u>	<u>(6,417,737)</u>
Other Financing Sources (Uses)										
Transfers in	6,864,816	7,422,980	8,440,092	10,347,464	10,771,009	6,550,828	21,737,558	21,816,295	22,881,375	13,131,113
Transfers out	(6,864,815)	(7,422,980)	(11,421,067)	(10,347,464)	(10,771,009)	(6,550,828)	(21,989,442)	(21,816,295)	(22,881,375)	(13,235,823)
Bonds & installment financing issued	376,065	12,185,550	19,662,064	9,588,275	-	17,000,000	60,220,000	-	109,002	20,990,000
Bond premium	-	-	-	-	-	34,005	76,730	-	-	5,282
Advance refunding of long-term debt	-	-	-	-	17,506,757	-	-	-	-	-
Advance refunding payments to trustee	-	-	-	-	(17,763,348)	-	(9,400,000)	-	-	-
Debt issuance costs	-	-	-	-	(87,730)	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Miscellaneous other financing uses	-	-	-	-	-	(20,966)	(26,070)	-	-	-
Total other financing sources (uses)	<u>376,066</u>	<u>12,185,550</u>	<u>16,681,089</u>	<u>9,588,275</u>	<u>(344,321)</u>	<u>17,013,039</u>	<u>50,618,776</u>	<u>-</u>	<u>109,002</u>	<u>20,890,572</u>
Net change in fund balances	<u>\$ 1,318,099</u>	<u>\$ 9,218,938</u>	<u>\$ 8,099,965</u>	<u>\$ (16,146,845)</u>	<u>\$ (4,562,062)</u>	<u>\$ 11,872,850</u>	<u>\$ 19,647,377</u>	<u>\$ (17,365,234)</u>	<u>\$ (8,081,423)</u>	<u>\$ 14,472,835</u>
Debt service as a percentage of noncapital expenditures	11.24%	10.51%	9.28%	9.49%	10.88%	10.97%	9.35%	12.12%	14.46%	13.99%

(Debt Service percentage is total debt service divided by total expenditures less capitalized portion of capital outlay from Exhibit E
FY(09 (7,872,139 + 5,258,614) / (98,772,212 - 4,892,260))

Schedule 5

Lincoln County

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Residential Property	Real Property		Less (1) Tax Exempt Real Property	Personal Property		Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Assessed Value as a Percentage of Actual Value
		Commercial Property	Industrial Property		Registered Vehicles	Other					
2000	\$ 1,841,861,718	\$ 210,883,030	\$ 119,748,145	\$ 109,963,975	\$ 464,824,878	\$ 305,498,028	\$ 372,535,990	\$ 3,425,315,764	0.615	\$ 4,095,308,183	83.64%
2001 (5)	2,338,948,890	305,622,932	150,674,813	164,570,337	496,120,487	323,359,671	361,775,485	4,141,072,615	0.510	4,244,641,877	97.56%
2002	2,479,096,275	337,235,202	157,743,165	159,801,617	522,855,670	381,607,364	363,651,567	4,401,990,860	0.620	4,677,992,412	94.10%
2003	2,636,232,850	338,448,801	163,376,431	165,157,601	524,431,990	370,129,854	360,596,730	4,558,374,257	0.620	5,082,932,936	89.68%
2004	2,762,762,473	360,806,847	167,382,296	164,199,294	530,303,836	409,492,585	377,825,148	4,772,772,479	0.620	5,538,786,676	86.17%
2005 (5)	3,360,267,358	444,490,729	178,822,434	221,215,557	546,104,374	504,857,009	372,177,382	5,627,934,843	0.620	5,691,106,121	98.89%
2006	3,450,576,768	457,076,482	188,530,612	229,539,273	642,566,748	470,754,443	372,386,636	5,811,430,962	0.610	6,056,097,293	95.96%
2007	3,700,950,371	468,304,685	212,965,670	231,632,628	612,030,406	521,418,972	367,689,163	6,114,991,895	0.610	6,789,154,985	90.07%
2008	3,934,165,611	486,377,033	238,927,010	233,414,057	664,054,035	596,207,091	356,817,245	6,509,962,082	0.610	7,743,501,941	84.07%
2009 (5)	5,429,746,635	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%

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Included as tax exempt includes property excluded as "Senior Citizens and Disabled Persons Exclusion" G.S. 105-277.1, Property listed at "present-use value" G.S. 105-277.4, and property listed as historic property G.S. 105-278. Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
- (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.
- (5) Years revaluation of property increased tax values, Lincoln County is reassessed every 4 years. The last reassessment was on January 1, 2008 and was the basis for fiscal 2009 taxes. The next revaluation will be conducted after 3 years January 1, 2011 after which revert back to 4 year cycle.

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

	Year Taxes Are Payable									
	2000	2001(1)	2002	2003	2004	2005(1)	2006	2007	2008	2009(1)
Lincoln County	0.6150	0.5100	0.6200	0.6200	0.6200	0.6200	0.6100	0.6100	0.6100	0.5700
<u>Municipality Rates:</u>										
Lincolnton	0.6000	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600
<u>Special District</u>										
East Lincoln Water and Sewer District	0.2800	0.1500	0.1500	0.1500	0.1500	0.1300	0.1100	0.1100	0.0750	0.0200
<u>Fire Districts</u>										
Alexis	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0650	0.0850	0.1450	0.1142
Boger City	0.0300	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0700	0.0700
Crouse	0.0400	0.0400	0.0400	0.0500	0.0500	0.0500	0.0500	0.0600	0.0600	0.0600
Denver	0.0400	0.0400	0.0400	0.0500	0.0500	0.0450	0.0500	0.0790	0.1150	0.0981
East Lincoln	0.0300	0.0300	0.0500	0.0500	0.0500	0.0450	0.0600	0.0650	0.0650	0.0606
Howards Creek	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0700
Hughes Pond	0.0500	0.0500	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
High Shoals	0.0540	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
North Brook	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0600	0.0600
North 321	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350
Pumpkin Center	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0650	0.1000	0.0951
South Fork	0.0400	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0776
Union	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0650	0.0650	0.0750

Note: (1) Real property was revalued on January 1, 2000, 2004 and 2008 these revaluations are reflected in the following fiscal year.

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

	Taxpayer	Type of Business	Fiscal Year 2009			Fiscal Year 2000		
			Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
	Duke Energy Corp.	Utility	\$ 262,479,193	1	3.09%	\$ 303,091,369	1	8.85%
	The Timken Company	Bearing manufacturer	106,040,774	2	1.25%	58,592,208	2	1.71%
	Julius Blum, Inc.	Furniture hardware manufacturer	75,887,917	3	0.89%	36,658,532	3	1.07%
	RSI Home Products	Manufacturing	69,848,489	4	0.82%			
	Cataler North America Corp.	Auto parts manufacturer	45,294,932	5	0.53%			
	Lowes Home Centers Inc.	Retail Home Improvement	28,639,211	6	0.34%			
	Actavis Mid Atlantic	Pharmaceuticals	27,898,184	7	0.33%			0.00%
	BellSouth Corp.	Utility	27,490,910	8	0.32%	32,798,327	4	
	Rutherford Electric Membership	Utility	26,966,778	9	0.32%	18,996,816	6	0.55%
	Wal Mart Stores East LP	Retail	25,383,811	10	0.30%			
	Vermont American Corp.	Tool Manufacturer				17,139,337	7	0.50%
	Mohican Mills, Inc.	Textile manufacturer				21,198,028	5	0.62%
	Cochrane Furniture Co., Inc.	Furniture manufacturer				14,102,519	8	0.41%
	Carolina Centers, LLC	Real Estate				13,228,117	9	0.39%
	Carolina Mills, Inc.	Textile manufacturer				9,539,708	10	0.28%
	Totals		\$ 695,930,199		8.20%	\$ 525,344,961		15.34%

Source: Lincoln County Tax Department

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2000	\$ 21,009,410	\$ 89,651	\$ 21,099,061	\$ 20,371,944	96.55%	\$ 677,542	\$ 21,049,486	99.77%	\$ 49,575
2001	21,340,359	94,112	21,434,471	20,772,953	96.91%	606,457	21,379,410	99.74%	55,061
2002	26,872,932	192,066	27,064,998	26,260,324	97.03%	736,821	26,997,145	99.75%	67,853
2003	28,162,134	156,030	28,318,164	27,283,688	96.35%	955,935	28,239,623	99.72%	78,541
2004	29,507,590	155,770	29,663,360	28,841,912	97.23%	708,327	29,550,239	99.62%	113,121
2005	34,643,901	49,123	34,693,024	33,537,294	96.67%	1,053,616	34,590,910	99.71%	102,114
2006	35,554,969	(14,335)	35,540,634	34,697,002	97.63%	702,999	35,400,001	99.60%	140,633
2007	37,196,591	154,642	37,351,233	36,499,544	97.72%	680,000	37,179,544	99.54%	171,689
2008	39,495,597	260,891	39,756,488	38,884,020	97.81%	594,352	39,478,372	99.30%	278,116
2009	48,397,102	144,571	48,541,673	47,330,210	97.50%		47,330,210	97.50%	1,211,463
Source: Lincoln County Tax Department									<u>\$ 2,268,166</u>

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

Fiscal Year	Governmental Activities			Business-type Activities						Percentage of Personal Income (1)
	General Obligation Bonds	Installment Loans	Capital Leases	General Obligation Bonds	State		Installment Loans	Total Primary Government	Per Capita (1)	
					Clean Water	Loan				
2000	\$ 27,743,645	\$ 9,356,586		\$ 20,962,652	\$ 4,250,000		\$ 1,381,849	\$ 63,694,732	\$ 994	4.58%
2001	33,266,744	12,893,397		19,041,156	4,000,000		1,330,180	70,531,477	1,078	4.72%
2002	50,457,792	11,623,802		17,212,308	3,750,000		1,249,226	84,293,128	1,271	5.51%
2003	56,536,445	11,121,128		15,386,428	3,500,000		1,163,327	87,707,328	1,301	5.59%
2004	53,122,034	11,403,864		14,057,966	3,250,000		1,031,136	82,865,000	1,216	5.21%
2005	66,785,180	10,082,297		12,204,820	3,000,000		912,702	92,984,999	1,337	5.53%
2006	90,935,156	31,027,745		10,394,844	2,750,000		3,942,943	139,050,688	1,961	7.44%
2007	85,687,229	29,547,914		8,617,771	2,500,000		3,770,679	130,123,593	1,780	6.36%
2008	80,473,856	27,126,921		6,891,144	2,250,000		3,459,975	120,201,896	1,616	5.42%
2009	94,466,234	26,252,404		5,563,766	2,000,000		3,549,219	131,831,623	1,768	*

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

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2006 personal income not available to calculate fiscal year 2007.

* Information not yet available.

Schedule 10

General Bonded Debt Outstanding

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

(1) See Schedule 13 for personal income and

(2) See schedule 5 for property value data.

* Information not yet available.

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed Value of Property	\$ 3,425,316	\$ 4,141,073	\$ 4,401,991	\$ 4,558,374	\$ 4,772,772	\$ 5,627,935	\$ 5,811,431	\$ 6,114,992	\$ 6,509,962	\$ 8,490,268
Debt Limit, 8% of Assessed Value (Statutory Limitation)	274,025	331,286	352,159	364,670	381,822	450,235	464,914	489,199	520,797	679,221
Amount of Debt Applicable to Limit										
Gross debt	63,695	70,531	84,293	87,707	82,865	92,985	139,051	130,124	120,202	131,832
Less: Amount available for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Debt outstanding for water and sewer purposes	28,595	24,371	22,212	20,050	18,339	16,118	17,088	14,888	12,601	11,113
Total net debt applicable to limit	37,100	46,160	62,082	67,658	64,526	76,867	121,963	115,235	107,601	120,719
Legal Debt Margin	\$ 236,925	\$ 285,126	\$ 290,078	\$ 297,012	\$ 317,296	\$ 373,367	\$ 342,952	\$ 373,964	\$ 413,196	\$ 558,503

Total net debt applicable to the limit as a percentage of debt limit	13.54%	13.93%	17.63%	18.55%	16.90%	17.07%	26.23%	23.56%	20.66%	17.77%
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Note: NC Statute GS159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments; funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

Schedule 12
 Lincoln County
 Direct and Overlapping Governmental Activities Debt
 As of June, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities:			
City of Lincoln (1)	\$ 0	100.00%	\$ 0
Direct - Lincoln County			<u>94,466,234</u>
Total direct and overlapping debt			<u>\$ 94,466,234</u>

(1) Source: City of Lincoln Finance Department

Schedule 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)
2000	64,059	\$ 1,391,333	\$ 22,100	10,495	2.90%	23,891
2001	65,450	1,493,165	23,313	10,594	3.80%	22,685
2002	66,318	1,530,265	23,510	10,826	6.80%	22,762
2003	67,390	1,568,971	23,688	11,050	7.10%	21,277
2004	68,118	1,590,737	23,635	11,274	7.10%	22,710
2005	69,532	1,681,231	24,692	11,480	6.10%	30,578
2006	70,914	1,868,000	26,785	11,666	5.70%	31,356
2007	73,107	2,044,532	27,966	12,056	5.00%	34,693
2008	74,405	2,215,799	29,780	12,193	4.80%	24,536
2009	74,552	*	*	12,150	7.50%	*

* Information not yet available.

Notes:

- (1) N.C. State Data Center. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
- (3) Lincoln County School Administrative Unit.
- (4) N. C. Employment Security Commission, Annual Average for prior calendar year.
- (5) Lincoln County Building and Land Development Department. Inspections are for entire County figures are for prior calendar year.

Current Year and Nine Years Ago

1,206	1	3.56%
600	5	1.77%
489	7	1.45%
604	4	1.79%
217	18	0.64%
277	14	0.82%
350	11	1.03%
100	34	0.30%
625	3	1.85%
103	31	0.30%
175	21	0.52%
510	6	1.51%
160	22	0.47%
230	17	0.68%

33,831

Telephone survey Finance Department

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Governing body	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administration and Finance	11.5	11.0	10.0	10.0	11.0	11.5	10.5	11.0	12.0	13.0
Management Information Systems	5.0	4.0	5.0	6.0	6.0	5.0	6.0	6.0	6.0	7.0
Elections	4.0	4.0	4.0	3.0	3.0	3.0	2.0	3.0	3.0	3.5
Tax	16.0	14.5	19.5	19.5	21.5	22.5	22.5	20.0	24.5	26.0
Register of Deeds	9.5	10.0	9.5	8.5	10.5	10.0	9.5	9.5	9.5	8.5
Public Buildings	18.0	16.5	16.5	15.5	15.5	16.5	17.5	17.5	17.5	14.5
Public safety										
Sheriff	61.0	71.5	78.5	82.5	84.0	91.0	103.0	100.0	117.0	128.0
Communications	13.0	13.5	14.5	16.5	17.5	21.5	22.0	22.0	21.5	24.0
Jail	29.0	33.0	34.0	34.5	35.0	35.5	40.5	41.0	41.0	42.5
Emergency Management	4.0	3.0	3.0	3.0	3.0	3.0	4.0	6.0	6.0	4.0
(1) Ambulance Services	25.5	36.0	42.5	44.5	52.5	58.0	61.5	64.0	65.0	81.0
(2) Fire Marshall	1.0	1.0	1.0	2.0	1.0	0.0	0.0	0.0	0.0	0.0
Building and Land Development	16.5	17.0	17.0	16.0	16.0	16.0	20.0	23.0	24.0	20.0
Animal Control	3.0	3.0	5.0	5.0	5.0	6.0	6.5	7.0	7.0	10.0
Economic and physical development										
Sanitation	12.0	14.0	16.0	7.0	7.0	0.0	0.0	0.0	0.0	0.0
Cooperative Extension	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Soil and Water Conservation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0	4.0
Human services										
Health	55.0	63.0	61.0	61.5	65.5	69.5	67.5	72.0	75.0	85.0
Social Services	85.0	86.0	91.0	89.5	95.0	99.0	106.0	111.0	111.0	122.0
Veterans Service	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.5	1.5
Juvenile Crime Prevention	4.0	3.5	3.5	2.5	1.0	0.0	0.0	0.0	0.0	0.0
Office on Aging	6.0	7.0	7.0	6.0	7.0	8.5	12.0	6.0	5.5	6.5
(4) Transportation								10.5	11.5	14.0
Cultural and recreation										
Recreation	18.5	19.0	19.0	18.5	16.0	17.0	18.0	11.0	15.0	26.5

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Library	11.5	11.5	13.5	14.5	15.5	16.5	16.0	14.0	17.5	17.5
Historical Coordinator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0
Water/Sewer (Business activity)										
Water & Sewer Fund	(5)	17.0	16.5	20.5	23.0	25.0	27.0	28.0	34.0	43.0
East Lincoln Sewer District	(5)	7.0	8.0	8.0	7.0	7.0	7.0	8.0	8.0	0.0
Landfill	(3)	10.0	10.0	11.0	22.5	24.5	29.5	30.5	39.0	48.0
Total	<u>449.5</u>	<u>483.0</u>	<u>517.0</u>	<u>525.0</u>	<u>551.5</u>	<u>580.0</u>	<u>618.0</u>	<u>644.5</u>	<u>681.5</u>	<u>752.5</u>

Source: County Personnel Office

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full time personnel work 2,088 hours per year (less vacation and sick leave). For purposes of this schedule the number of part time employees has been divided by 2.5 to arrive at the full time equivalents.

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

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Management Information Systems										
Work orders	1,777	1,991	2,662	2,669	2,562	3,168	3,259	3,889	3,804	3,798
Elections										
Registered voters	41,448	39,719	40,869	41,378	41,174	42,923	43,955	44,471	47,306	49,218
Votes cast in general elections	25,286	271	20,864	926	30,207	189	18,700	877	36,066	
(votes odd years city even county wide)										
Tax										
Number of land records created	1,382	1,649	1,202	1,314	996	930	1,081	959	936	1,144
Number of ownership transfers - real estate/mfg. homes	4,797	4,563	5,011	5,248	6,066	5,947	6,499	7,114	6,679	6,118
Number of tax bills created - real/personal	54,045	56,297	58,383	60,656	60,153	62,476	65,243	67,167	66,168	69,202
Number of tax bills created - registered vehicles	70,995	74,624	76,787	78,325	80,864	83,135	89,016	85,666	89,394	89,224
Register of Deeds										
Total documents recorded	16,720	17,708	21,031	21,727	23,171	20,125	21,414	20,645	19,179	15,066
Deeds recorded	3,524	3,563	3,643	3,615	4,130	4,252	4,714	4,489	3,905	2,706
Marriage licenses issued	465	455	491	459	422	473	484	484	488	471
Births occurring	563	546	468	512	466	375	455	481	485	523
Deaths occurring	469	473	467	460	486	443	475	472	518	486
Certified copies issued	6,263	6,474	5,886	4,848	5,119	5,220	5,211	5,935	5,344	5,300
Public safety										
Arrests	3,022	3,191	3,257	1,882	2,053	2,154	2,869	3,618	3,265	3,213
Civil papers served	8,799	10,183	11,134	9,872	9,205	9,404	11,058	11,753	13,036	13,255
Jail bookings	1,834	2,189	2,379	2,398	4,246	6,150	4,805	3,750	3,942	3,622
Average daily jail population	46	66	65	77	76	100	117	112	110	125
Communications total calls	46,067	50,825	54,818	57,794	63,261	49,261	81,234	87,361	106,576	110,305
Building permits issued	2,455	2,543	2,199	2,003	2,179	2,396	2,512	2,560	1,795	
Building inspections conducted	23,891	22,685	22,762	21,277	22,710	30,578	31,356	34,693	24,536	
Emergency medical calls answered	5,374	6,270	6,800	7,239	8,164	8,889	9,635	12,020	14,331	14,394
Emergency patients transported	3,896	4,083	4,202	4,672	5,002	5,089	5,436	7,194	7,249	7,868
Number of firemen and officers	400	400	400	400	400	400	400	450	476	500
Number of fire calls answered	1,700	1,800	1,800	1,800	1,800	1,900	1,900	2,486	2,955	3,000
Number of fire marshal inspections	400	350	400	350	350	300	450	400	1,250	1,300
Animals entering shelter	7,183	3,934	3,905	3,821	3,105	3,262	3,512	3,240	3,969	2,611
Animals euthanized	3,389	2,237	3,183	3,119	2,866	2,824	2,772	2,445	2,577	1,555

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Economic and physical development										
Cooperative Extension client contacts			23,340	18,355	22,744	25,069	25,099	31,950	32,166	35,884
Soil and Water Conservation										
Clients assisted	2,258	2,447	2,547	2,319	2,372	2,320	2,435	2,700	2,673	3,183
Funds landowners received from fed & state programs	82,912	35,756	59,500	189,284	295,000	263,463	581,611	226,815	284,656	443,203
Human services										
Health Department patient visits										
Adult Health	608	381	595	594	705	895	1,007	4,108	4,972	4,922
Child Health	392	434	421	336	280	249	236	1,189	1,219	1,514
Family Planning	1,058	1,182	1,200	1,278	1,099	1,075	1,025	4,586	4,932	5,892
Immunizations/Flu	1,372	1,257	1,742	3,431	3,460	4,611	4,372	4,719	2,961	3,362
Maternal Health	437	479	521	540	732	718	506	2,012	1,296	1,831
Primary Care				508	4,182	6,394	6,109	7,192	7,251	7,231
Sexually transmitted diseases		117	436	308	287	225	228	1,619	2,178	2,588
Tuberculosis	216	77	154	155	155	131	203	236	626	602
Case Management (child service & maternity care)	2,336	2,155	2,794	2,580	2,421	2,216	2,342	2,946	1,972	2,398
Lab services (in-house)	8,555	10,421	9,436	9,603	17,513	12,663	12,786	12,750	12,375	12,452
(referred)	3,655	3,987	4,467	4,653	4,750	4,748	4,224	4,679	5,063	4,797
WIC (women infants and children)	13,515	13,085	15,785	13,085	14,605	20,074	20,684	22,749	23,269	24,715
Home Health (unduplicated patients)	443	438	250	340	357	445	358	1,809	6,802	7,710
Environmental Health										
Food & Lodging permits					40	64	96	100	62	28
Food, Lodging & Institutional Inspections									782	796
Sewage system permits					972	756	780	834	841	377
Sewage system finals					597	543	464	491	375	271
Water samples					126	134	220	165	250	344
New well permits (began 7/1/07)									189	145
Wells Inspected (water for sampling)					54	66	80	45		
New well sitings (discontinued 7/1/07)					380	406	540	524		
Swimming pools		594	588	465	30	25	35	30	31	37
Lead investigations					1	2	-	1	1	2
Complaint investigations									62	118
Social Services cases (may contain duplicates)										
Child & adult protective services	70	63	83	83	90	85	116	133	126	108
Children in foster care	81	56	44	49	44	58	71	109	97	76
Work first cases	262	218	252	266	188	182	167	161	150	160
NC health choice cases	308	218	387	444	557	623	566	617	626	666
Medicaid cases	4,139	4,335	4,844	5,299	5,769	6,244	6,814	7,104	7,437	8,027
Food stamp cases	964	1,082	1,280	1,452	1,861	2,186	2,568	2,732	2,487	3,657
Child support cases	2,739	2,595	2,558	2,476	2,542	2,516	2,599	2,733	2,809	2,823
Transportation clients served										
Transportation trips provided							280	524	632	667
										38,507
Cultural and recreation										
Recreation										
Library volumes in collection	95,983	96,900	98,712	102,204	106,855	109,413	128,856	126,319	133,498	134,854
Library circulation	246,258	246,734	275,994	301,116	304,599	321,761	315,578	325,699	329,072	323,544

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water/Sewer (Business activity)										
Number of water customers	5,947	6,515	6,898	6,898	7,756	8,075	8,657	9,169	9,583	9,585
Average daily water production	2,346,000	2,084,000	2,150,000	2,150,000	2,200,000	2,300,000	2,460,000	2,640,000	2,402,250	2,296,000
Number of sewer customers	1,041	1,376	1,611	1,611	2,234	2,502	2,879	3,220	3,538	3,660
Average daily sewage treatment	165,000	216,000	284,000	393,000	463,000	523,000	548,000	617,750	610,333	700,000
Landfill										
Tons of waste sanitary landfill	40,065	38,481	41,231	44,125	45,558	52,013	45,435	45,091	44,680	45,508
Tons of waste demolition landfill	6,874	11,404	14,635	18,730	16,337	16,097	10,351	10,787	7,809	11,264
Tons of recyclables	1,252	1,218	1,279	1,288	1,337	1,424	1,440	1,678	1,870	1,848
Tons of whitegoods	1,142	1,162	1,408	1,310	1,508	1,583	1,502	1,872	1,184	968
Tons of tires	1,042	1,118	1,241	1,290	1,117	1,310	1,267	1,678	1,371	1,185

* Reported on calendar year basis

Source: Various County Departments

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Buildings	18	19	19	19	20	22	22	22	22	22
Public safety										
Law enforcement stations	3	3	3	3	3	3	3	3	3	3
Patrol units	30	37	43	53	53	53	53	67	71	77
Jail capacity	168	168	168	168	168	168	168	168	168	168
Emergency medical stations	2	2	2	3	3	3	3	3	3	5
Emergency medical apparatus	9	10	14	18	20	18	17	18	20	22
Fire department stations	11	11	11	11	11	11	11	11	13	15
Economic and physical development										
Human services										
Number of transportation vehicles			17	19	18	14	12	12	13	12
Cultural and recreation										
Number of libraries	2	2	3	3	3	3	3	3	3	3
Number of county parks										
Developed	2	2	2	2	2	2	2	2	2	4
Undeveloped	0	1	1	1	1	2	2	2	2	1
Park acreage:										
Developed	37	37	37	37	37	37	37	37	37	115
Undeveloped	0	54	54	54	54	54	54	54	54	116
Number of community centers	2	2	2	2	2	2	2	2	2	2
Number of gyms/centers	1	2	2	2	2	2	2	2	2	2
Water/Sewer (Business activity)										
Number of water plants	1	1	1	1	1	1	1	1	1	1
Miles of water mains	245	250	255	258	260	265	270	279	285	288
Number of wastewater plants	2	2	1	1	1	1	1	1	1	1
Miles of sanitary sewer	65	68	70	72	75	78	82	86	90	95
Landfill										
Number of sanitary landfills	1	1	1	1	1	1	1	1	1	1
Number of demolition landfills	1	1	1	1	1	1	1	1	1	1
Number of convenience sites	7	7	7	7	7	7	7	7	7	7

Source: Various County Departments

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